

# **Blue Earth County, Minnesota**

*Effectively and Efficiently Delivering Essential Services*



**Blue Earth County's first roundabout at the  
intersection of Stadium Road and Victory Drive**

## **Comprehensive Annual Financial Report For the Year Ended December 31, 2012**

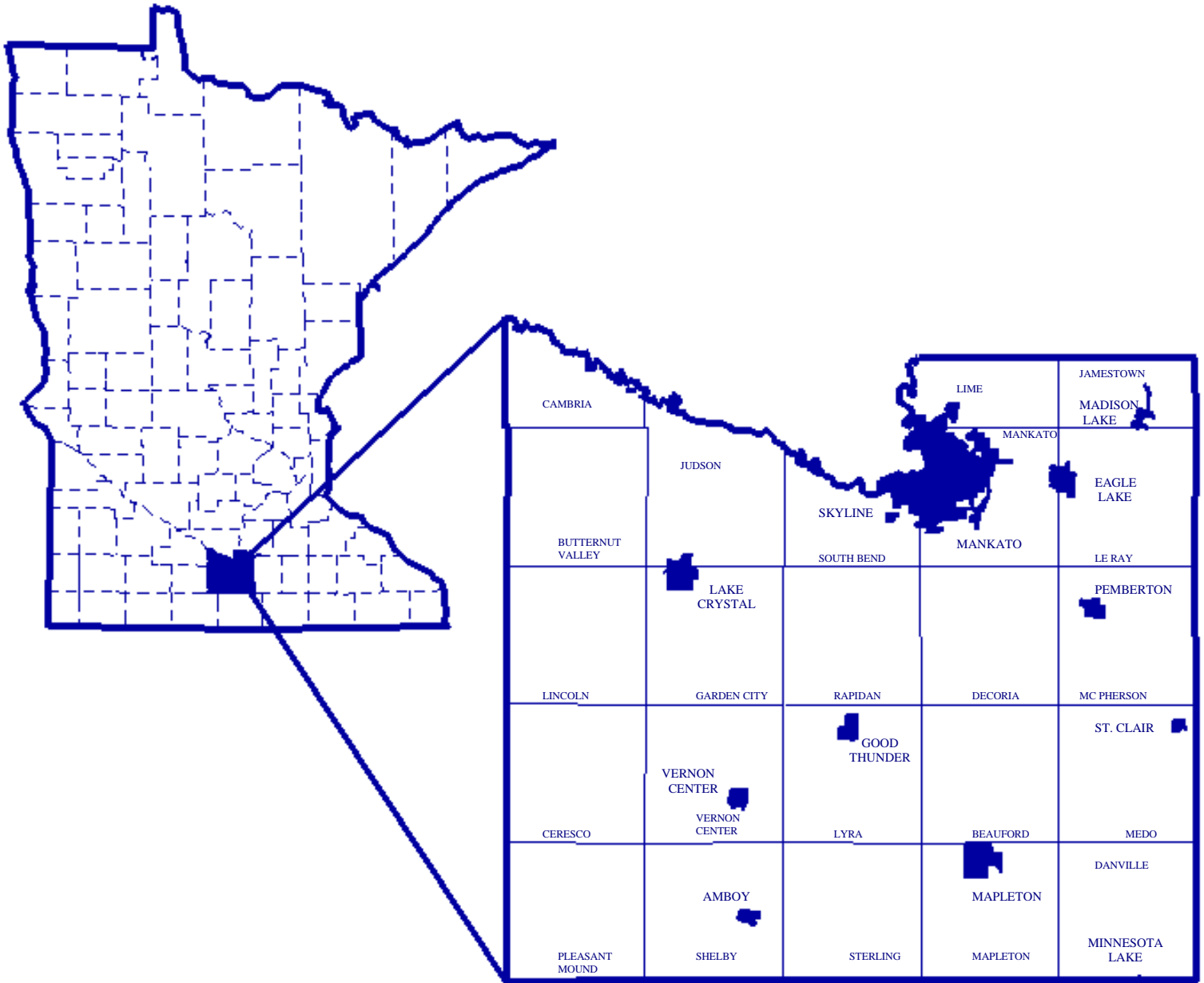


**Comprehensive  
Annual Financial Report  
Of  
Blue Earth County  
Minnesota**

For the Year Ended December 31, 2012

Prepared by the  
Finance Department  
Issued June 2013

Blue Earth County  
204 South Fifth Street  
Mankato, MN 56002



ESTABLISHED: 1853  
 FORM OF GOVERNMENT: Board of Commissioners – Administrator  
 AREA: 764 Square Miles  
 COUNTY SEAT: Mankato  
 POPULATION: 64,013 (2010 Census)  
 NUMBER OF TOWNSHIPS: 23  
 NUMBER OF CITIES: 13

# BLUE EARTH COUNTY

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# BLUE EARTH COUNTY

*Effectively and Efficiently  
Delivering Essential Services*

[www.co.blue-earth.mn.us](http://www.co.blue-earth.mn.us)

## COMMISSIONERS

District 1 Drew Campbell  
District 2 Vance Stuehrenberg  
District 3 Mark Piepho  
District 4 Will Purvis  
District 5 Kip Bruender

## Historic Courthouse

204 S. Fifth St.  
PO Box 8608  
Mankato, MN 56002

### Administration

TEL: 507-304-4284  
FAX: 507-304-4344

### Extension

TEL: 507-304-4325  
FAX: 507-304-4059

### Finance

TEL: 507-304-4182  
FAX: 507-304-4077

### Physical Plant

TEL: 507-304-4249  
FAX: 507-304-4203

### Taxpayer Services

PO Box 3567  
TEL: 507-304-4251  
FAX: 507-304-4075

## Government Center

410 S. Fifth St.  
Mankato, MN 56001

### Human Services

PO Box 3526  
TEL: 507-304-4319  
FAX: 507-304-4379

### Environmental Services

PO Box 3566  
TEL: 507-304-4381  
FAX: 507-304-4431

### Taxpayer Services/ License Center

PO Box 3524  
TEL: 507-304-4340  
FAX: 507-304-4396

### Veterans Services

PO Box 8608  
TEL: 507-304-4246  
FAX: 507-304-4379

### Information Technology

PO Box 8608  
TEL: 507-304-4204  
FAX: 507-304-4355

## Public Works

35 Map Dr.  
PO Box 3083  
Mankato, MN 56002  
TEL: 507-304-4025  
FAX: 507-304-4049

## Justice Center

401 Carver Road  
PO Box 8608  
Mankato, MN 56002

### Sheriff's Office

PO Box 228  
TEL: 507-304-4800  
FAX: 507-304-4818

### County Attorney

PO Box 3129  
TEL: 507-304-4600  
FAX: 507-304-4620

### Probation

PO Box 3543  
TEL: 507-304-4750  
FAX: 507-304-4710

## Library

100 E. Main St.  
Mankato, MN 56001  
TEL: 507-304-4001  
FAX: 507-304-4009

TDD: 507-304-4399

DATE: May 23, 2013

TO: The Citizens of Blue Earth County  
The Board of County Commissioners

SUBJECT: **2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Submitted for your review is the Blue Earth County Comprehensive Annual Financial Report for the fiscal year ended December 31, 2012. This report has been prepared in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board for the citizens, governing officials, oversight bodies, resource providers, and the investors and creditors of Blue Earth County. Management assumes full responsibility for the completeness and reliability of the information contained in the report. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and sets forth the financial position and results of operations and cash flows of the County, as measured by the financial activity of its various funds, and all disclosures necessary to enable maximum understanding of the County's financial affairs.

Minnesota State Law requires an audit to be made of the books of account, financial records and transactions of the County by the Office of the State Auditor. This requirement has been complied with and the Auditor's Report has been included in this report. The State Auditor will issue a management and compliance letter covering the review, made as a part of their audit of the County's system of internal control and compliance with applicable legal provisions. The management and compliance letter will not modify or affect, in any way, this report on the financial statements.

As a recipient of Federal, State and Local financial assistance, the County is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. These internal controls are subject to periodic evaluation by management and the internal staff of the County.

Office of Management and Budget (OMB) Circular A-133 sets forth the audit requirements for State and Local governments receiving federal assistance. It provides for a single independent audit of the financial operations, including the compliance with certain provisions of Federal laws and regulations.

The requirements have been established to ensure that audits are made on an organizational wide basis rather than a grant-by-grant basis. The grants for which these requirements applied are identified in Schedule of Expenditures of Federal Awards.

As a part of the government's single audit, tests are made to determine the adequacy of the internal controls, including that portion related to federal financial assistance programs, as well as to determine that the County has complied with applicable laws and regulations.

Administration in Blue Earth County is responsible for establishing and maintaining internal controls designed to ensure that assets of the County are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide

reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Blue Earth County's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

Blue Earth County was organized in 1853 as a county in the State of Minnesota. It has an area of 764 square miles (488,960 acres) including 23 full and fractional townships and 12 incorporated municipalities. The 2012 population is estimated at 65,091. The County seat, Mankato, is located on the Minnesota River.

Blue Earth County operates under an elected five-member County Board, each member representing a district of the County. The County Board is responsible, among other things, for passing ordinances, adopting the budget, and the hiring of the County's administrator. The County's administrator is responsible for carrying out the policies and ordinances of the County Board, for overseeing the day-to-day operations of the government, and for appointing the heads of the various divisions and departments. The County Board is elected on a non-partisan basis. County Board members serve four-year staggered terms.

The County provides a full range of services including public safety and law enforcement; tax assessment and collection; vital statistics and public records; health and human services; highways, parks, public works and planning; environmental management; and recreation and cultural services. The County operates primarily out of five buildings; the Historic Courthouse, Government Center, Justice Center, Public Works Shop, and the Library.

Blue Earth County has one blended component unit, the Blue Earth County Economic Development Authority. It is included in the County's reporting entity because of the significance of its operational or financial relationship with the County. The EDA's governing body is substantially the same as the governing body of Blue Earth County.

Blue Earth County's Strategic Plan and financial policies guide the budget process by identifying priorities to be used to help provide a focus for allocating future resources and where appropriate, reallocating existing resources. Blue Earth County's strategies focus on the following areas:

- 1) Building the Community – Protecting the Health, Safety and Well-Being of Individuals and Families.
- 2) Environmental Stewardship – Promoting and Modeling Sustainable Use of Natural Resources.
- 3) Leadership – Commissioners and Employees Demonstrating Leadership Behavior through Innovation, Communication and Collaboration.
- 4) Management of Resources and Measurement of Results – Utilizing Best Practices to Effectively and Efficiently Provide Valuable Services and Achieve Expected Results.
- 5) Run the Business – Investing in Technology and Business Processes to Foster Productivity, Responsiveness and Accessibility to the Community.
- 6) Develop Employees – Attract, Train, Recognize and Retain Key Talent.

An annual budget is approved by the County Commissioners for all governmental funds. The legal level of budgetary control is at the fund level. In the General, Special Revenue, and Capital Project Fund, the total Fund appropriation cannot be exceeded without approval by the County Commissioners. Monthly reports are required for these funds which compare budgeted amounts to actual expenditures. The approval of the budget does not mean that funds will or must be spent. Needs are assessed throughout the year and expenditures are approved within the framework of existing budgets and fund availability.

The County maintains a budget for the Enterprise Fund for administrative purposes. This is not a legally mandated budget. Therefore, budgetary comparisons have been omitted from this report.

## **Local Economy**

Blue Earth County grew 14.4% from 2000 to 2010 according to the U.S. Census Bureau. The Mankato-North Mankato Metropolitan Statistical Area (includes all of Blue Earth and Nicollet counties) grew 12.9%. The City of Mankato's population grew six times faster in the past decade than it did in the 1990s. The city had a 21% increase from 2000. Planning for this growth has included adding a new wastewater treatment plan, upgrading the drinking water system and building major roads such as the Victory Drive extension.

In December 2011, the Mankato-North Mankato MSA was designated a Level 1 Regional Trade Center for retail and service sales. The University of Minnesota's Trade Center Hierarchy Report showed the community had a 123% increase in taxable retail/service sales from 1990 to 2009, nearly triple the next-highest rate of 42% for St. Cloud. In addition, the average yearly per person sales spending in Mankato is \$17,000 versus \$11,000 in other MSA's in the state, suggesting substantial non-resident spending. The MSA saw a 6.63 percent annual gain in gross domestic product from 2010 to 2011. The area also had a 10-year gross domestic product gain of 57.8 percent. Both figures are the highest of any of Minnesota's five MSAs as well as in the state and nation.

Blue Earth County's average unemployment ratio has been below the state's rate by nearly 1% for the last decade. In 2012, the average unemployment rate (seasonally unadjusted) was 4.8%, still lower in comparison with the state's average rate of 5.6% and the nation's average rate of 8.1%. The Greater Mankato statistical area continues to see a positive trend of increased jobs over the prior year as the economy continues its recovery. In February 2013, there were about 1,100 more jobs or 2.2 percent more compared to a year earlier. Areas of growth year-to-year were seen in private sector jobs up 2.4 percent, and goods-producing jobs grew by nearly 5 percent.

The real estate market continues to rebound in the area. The single-family housing market is gaining momentum, mainly attributable to pent-up demand coupled with lower building material costs and interest rates. In addition, the market for twin homes is reviving after the supply of existing twin homes has been filled up in recent years. The rental market continues to be very strong for student housing, families, seniors and young professionals. Blue Earth County continues to see a decrease in foreclosures with 126 in 2012, down from 154 in 2011 and 183 in 2010.

Healthcare, education, agriculture, and the retail/hospitality industry, are major players in the local economy and continue to contribute to its stability and diversity. Forbes.com ranked Mankato 11th in the nation as one of "The Best Small Places for Business and Careers." Job growth, business and living costs, income growth, educational attainment and projected economic growth were considered. The cost of doing business, net migration, educational attainment and being a metropolitan statistical area were all cited as criteria used to earn the ranking.

Mankato continues to grow as a regional hub for healthcare. Mankato Clinic, as part of a master facility planning project, has announced plans to break ground on a new \$9 million facility on its Wickersham Health Campus that will focus on pediatric care. The 56,000-square-foot facility will also house offices for Gillette's Children's Specialty Healthcare and Pediatric Therapy Services, which will bring specialized services locally. Besides the new construction, Mankato Clinic has expanded its presence in the Madison East Center with the opening of Skin Essentials (dermatology) and a new dialysis center. Mankato's Mayo Clinic Health System was named to U.S. News' list of Best Regional Hospitals for 2011-12. To do so, it had to have met criteria in 16 different specialties and be shown to be "high performing" in one of them, Mankato ranked in both orthopedics and urology. Mayo Clinic Health System in Mankato completed the third project in a series of recent capital investments to create a regional medical center. The ISJ Heart Center opened in 2008, the Andreas Cancer Center opened in 2009, and the new Emergency Department was finalized in 2012. The Open Door Health Center in Mankato, which serves those with no insurance or who are underinsured, is also planning a major renovation and expansion made possible by a \$4.8 million grant. The plan is to better connect the medical, behavioral health and dental units as well as creating better privacy and adding more clinic space and a community room for group education classes.

Agriculture continues to be a sustaining factor in the local economy; rising grain and livestock prices spurred profits for farmers in 2012. Blue Earth County ranks among the top production areas in Minnesota for corn, soybeans, and hogs, and is also a significant producer of beef, milk, and canning crops. A large number of industries are directly related to agriculture, including soybean processing, ethanol production, feed mills,

equipment manufacturing, and seed companies.

The Convention and Visitors Bureau continues to work to attract new events to the city's Verizon Wireless Civic Center and to the area in general. Conventions and organized athletics continue to bring traffic to the city, generating substantial economic impact. The Mankato Marathon and the Minnesota Vikings Training camp are favorite events drawing thousands of visitors. The Children's Museum of Southern Minnesota is working to raise \$4 million for a permanent home which may be Mankato's vacant municipal bus garage. The Children's Museum is a regional resource that benefits all of southern Minnesota. Designs include an amazing informal learning center with 7 indoor galleries plus 2 outdoor, a family cafe, the Center for Families and Learning, and much more.

The retail trade in Mankato continues to be an immense draw for people across southern Minnesota and northern Iowa. New retail construction, renovations or expansions underway or planned include Kroubetz Lakeside Campers, Barkhadle International Store, Rooms and Rest, Caribou Coffee, Strip Mall/Student Housing near MSU, Commercial Retail building on Holly Lane, LaTerraza Mexican Grill and Bar, Osaka Japanese Steakhouse, Retail Building on St. Andrews Drive, Self Storage Facility, and many more. A notable downtown development project costing nearly \$16 million could get started this spring and will bring a multi-story office tower a five-story retail and apartment building and a parking ramp to remake a block between Front Street and Riverfront Drive. In addition, a 35-acre parcel of land behind Madison East Center is to be developed into high-end apartments as well as businesses, and provide a permanent connection between Adams Street and Victory Drive. The east side of the property will be used for future commercial and office development.

Construction projects that are currently underway or in development for the primary and service economy include Alliance Contracting, Commercial Construction, Countryside Properties/Homes, Rabo AgriFinancial, Western Specialized Trucking Service, Mapleton Community Home, and Wal-Mart distribution center. Wal-Mart has announced its intention to build a 420,000-square-foot refrigerated distribution center which could break ground this year. Future plans could also include a 400,000 square foot general-merchandise storage building at that site. A 12 to 16 month construction cycle should have the center opening late in 2015 and employing 300 people. The Wal-Mart project is expected to bring competitive pay for employees, spur the creation of subsidiary industries to serve it, and give local housing a bump.

### **Long-term Financial Planning**

Blue Earth County's Strategic Plan is a written plan of action that aligns resources to address the most critical issues facing the County. The County's financial plan is a mechanism to ensure that the County is financially able to meet these immediate and long-term service objectives. The following countywide goals provide direction for overall County government, as well as divisional operating plans:

1. Enhance public trust and promote a positive attitude toward County governance by involving informed citizens in results-oriented public policy formulation.
2. Capitalize on social, economic, and governmental change by building sustainable partnerships with public, private and non-profit organizations.
3. Identify and seek long-term solutions to evolving public policy and contemporary governance issues.
4. Review and prioritize programs and services, and create strategies for long-term funding and cost efficiencies.

The long-range plans and policies of the County are reflected in the two-year operating budget and six-year capital investment plan. By using its resources wisely, the County ensures adequate funding for the services, public facilities, and infrastructure necessary to meet the community's present and future needs. By setting forth operating principles which employ balanced and fair revenue policies, maintain appropriate financial capacity for present and future needs, and promote opportunities for partnering with citizens and other public entities, we minimize the cost of government and reduce financial risk.

## **Relevant Financial Policies**

Blue Earth County has adopted financial management policies in order to allow for the planning of adequate funding of services desired by the public, to manage County finances wisely, and to carefully account for public funds. The financial management policies include: fund balance policies, debt management policies, investment policies, credit card policies, capital asset policies, budget and significant accounting policies. The County's policy on cash flow states that at the end of each fiscal year, the County will maintain Spendable-Unassigned fund balance in the General Fund in a range equal to 35%-50% of the subsequent year's budgeted General Fund operating expenditures. In addition to cash flow needs this accommodates emergency contingency concerns. The percentage of unassigned General Fund fund balance at December 31, 2012 is 33%. Since property tax payments are received by the County in installments in May and November, the County needs adequate cash reserves in order to avoid short-term borrowing to finance operations.

The primary objectives, in priority order, of the County's Investment Policy are safety, liquidity and yield. Cash temporarily idle during the year is invested in interest bearing checking and savings accounts, money market accounts, certificates of deposit, obligations of the U.S. Treasury and government agencies to maximize interest earnings on all funds. The County only invests in instruments that are authorized under *Minnesota Statutes Chapter 118A*. Investment income will be allocated to the general fund pursuant to Minnesota Statute 385.07. The average investment income return for 2012 on investments was 1.64%.

## **Major Initiatives**

### **Budget Stability**

Recent census information indicated that the County's population has increased 15 percent with the County Seat of Mankato furthering its growth as a regional hub for retail, industry, education and health care in South-central Minnesota. Blue Earth County continues to experience increased demand in services and growing caseloads in human services, community corrections and in public safety calls. Processing of property records has rebounded as the housing market improves along with planning and zoning seeing higher volumes in work load stemming from a boom in the agriculture industry.

These are only a few of the many examples of how Blue Earth County is challenged to meet growing demands for mandated programs and services while its primary sources of funding, including Federal and State dollars, remain volatile and unpredictable. Predictability and stability in dollars allocated to Blue Earth County is needed to adequately plan, budget and provide programs and services. The County will continue to advocate with legislators for consistency in their budget planning, which will in turn help Blue Earth County better manage its budget and help keep the burden off property taxes.

### **Technology**

Technology is key to Blue Earth County executing its mission of effectively and efficiently delivering essential services. The Board has approved added positions to Information Technology, including an Assistant IT Director to allow the department to better support and advance the organization utilizing technology resources.

Blue Earth County recently invested in a redesign of its website with the goal of increasing the amount of information that users can access 24/7 and to offer additional ways to transact County business online. The website now includes social media applications, online forms and ways to make online payments via various systems. A new NeoGov human resources software was also added to the website to provide more extensive HR recruitment and applicant tracking methods. The County is in the process of further developing its newly enhanced website platform to offer citizens more options in utilizing the website for information and services including expanded credit card payment options and overall citizen engagement through mechanisms such as posting board meeting videos online. Taxpayer Services plans to roll-out new Beacon Software on the website that will better provide tax and property characteristics information, along with integrated GIS map functionality for users. Another upcoming project example is Environmental Services integrating a web-portal application that will allow for online permitting.

A number of technology-based projects are on the horizon across departments. A few examples of the projects include squad cars within the Sheriff's Department receiving updated technology, disaster recovery testing and preparation on County systems, a new public health system and software upgrades across department functions.

### **Capital Initiatives**

Blue Earth County owns and operates five main County buildings with a handful of other satellite facilities such as the Household Hazardous Waste Facility, Ponderosa Landfill and Highway Department shops in smaller communities.

Major capital purchase initiatives that are recent or are slated for the near future include construction of a recycling and public drop off building at the Ponderosa Landfill, parking lot repairs at the Government Center and Library, window replacement at the Historic Courthouse, installation of a sprinkler system and new elevator at the Government Center, generator investments and improvements to the public restrooms and main public entrance at the Library in Mankato.

Blue Earth County operates three libraries located in Mankato, Mapleton and Lake Crystal with cost-sharing coming from each of the cities. Moving forward, Blue Earth County will no longer receive shared funding from the City of Mankato for the funding of its Library within the overall library system. Levy dollars have been shifted to the County for the operation of the library. The County will fully be responsible for the building and is looking at further ways to enhance the facility and services based on survey results from the public.

The County has taken a proactive approach in ensuring Blue Earth County facilities operate in the most efficient manner to save taxpayer dollars and resources. Facility performance is monitored by staff and tracked by benchmarking programs. The Blue Earth County Justice Center is a LEED-certified green facility and both the Historic Courthouse and Government Center annually earn the Energy Star Award, which designates the facilities as being in the top 25 percent of energy efficient buildings.

### **Transportation Infrastructure**

Roads, bridges and parks are an integral part of the quality of life and vitality for Blue Earth County. The County is responsible for the maintenance of more than 730 miles of roads within its boundaries. Blue Earth County is also known for having the most miles of river in the State which equates to more than 200 bridges throughout its cities and rural areas. Large highway infrastructure expenditures and undertakings comprise of road improvement projects, bridge replacements, road maintenance, trail maintenance and park investments. A significant project for the County has been the CSAH 12/Highway 14 Interchange. The project is now fully complete and is proving to be a vital link for safety and economic development. A new Wal-Mart Distribution Center will soon be built in Mankato as a direct result of the infrastructure investments to CSAH12/Highway 14. Plans are in place to further extend CSAH 12 to Highway 83 that will continue to help alleviate traffic on Highway 22, provide safety and encourage additional economic development for the area.

Roundabouts have made their way to Blue Earth County with the first recently opening at the intersection of Stadium Road and Victory Drive. Additional roundabouts are scheduled to be built in the area. The upcoming County Road 17 reconstruction project from Mankato to Eagle Lake is planned to utilize roundabouts for its main intersections.

### **Community Partnerships**

Blue Earth County works hard to partner with other government agencies or local organizations to find ways to better serve its citizens and provide needed programs and services.

Blue Earth County is currently partnering with LeSueur and Nicollet Counties and communities within all the counties on a South-central chapter of a Beyond the Yellow Ribbon Network. The South-central group was recently proclaimed a network and is continuing work to serve the families of military personnel, especially during deployment.

The Blue Earth County Community Farm is another community initiative that has proven successful through its inaugural growing season. The partnership between the County, Three Rivers RC&D and Feeding Our Communities Partners (FOCP) continues to evolve in educating community volunteers on vegetable gardening, providing fresh local produce to area hunger assistance programs and allowing those in need healthy food options with the support of nutritious recipes.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Blue Earth County for its comprehensive annual financial report for the fiscal year ended December 31, 2011. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Blue Earth County has received a Certificate of Achievement for the last twenty-five consecutive years (fiscal years 1987-2011). We believe our current report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Additionally, the GFOA presented an award of Distinguished Budget Presentation to Blue Earth County for the sixth time for its biennial budget for the years 2010-2011. Blue Earth County received the award for its annual budget from 1994-1999.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all the members of the Department who assisted and contributed to the report's preparation. We would also like to thank the members of the County Board of Commissioners for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner. The County's excellent financial status is a tribute to that involvement.

Respectfully submitted,

*Lisa Malinski*

Lisa Malinski  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Blue Earth County  
Minnesota

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



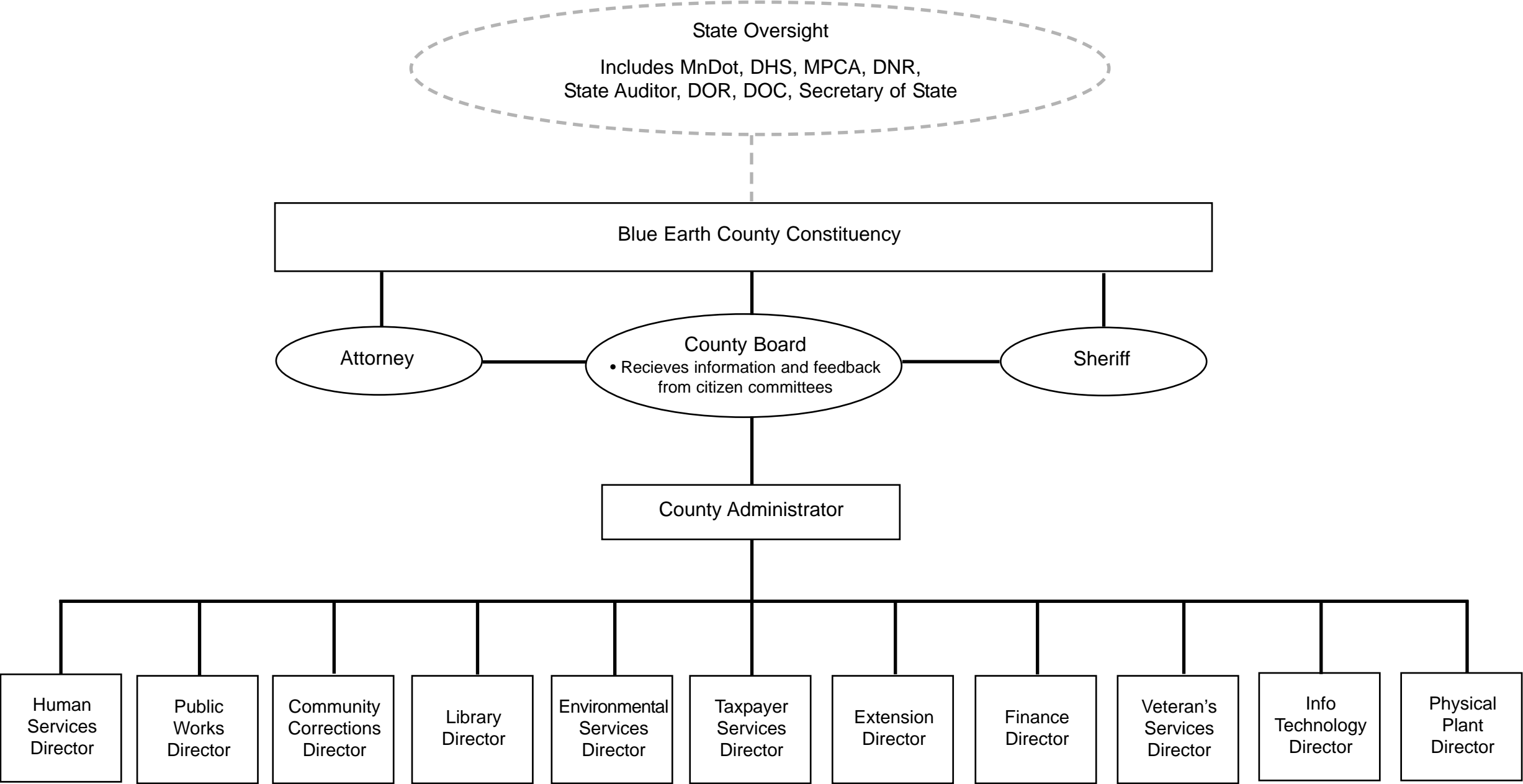
*Christopher P. Moynell*

President

*Jeffrey R. Emer*

Executive Director

# Blue Earth County Organizational Chart





## BLUE EARTH COUNTY LIST OF PRINCIPAL OFFICIALS

<b><u>OFFICE</u></b>	<b><u>NAME</u></b>	<b><u>TERM EXPIRES</u></b>
<b>COMMISSIONERS</b>		
1st District	Drew Campbell	Jan. 2015
2nd District	Vance Stuehrenberg	Jan. 2015
3rd District	Mark Piepho	Jan. 2017
4th District	Will Purvis	Jan. 2017
5th District	Kip Bruender	Jan. 2017
<b>COUNTY OFFICERS</b>		
<i>Elected</i>		
Attorney	Ross Arneson	Jan. 2015
Sheriff	Brad Peterson	Jan. 2015
<i>Appointed</i>		
County Administrator	Robert Meyer	Indefinite
Human Services Director	Phil Claussen	Indefinite
Public Works Director	Alan Forsberg	April 2016
Community Corrections Director	Josh Milow	Indefinite
Taxpayer Services Director	Patty O'Connor	Indefinite
Environmental Services Director	Scott Fichtner	Indefinite
Extension Director	Nathan Crane	Indefinite
Finance Director	Lisa Malinski	Indefinite
Veteran's Services Director	Gary Evenson	Indefinite
Information Technology Director	Charles Berg	Indefinite
Physical Plant Director	Tim Edwards	Indefinite
Library Director	Tim Hayes	Indefinite
County Assessor	Mike Stalberger	Dec. 2016



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA

## OFFICE OF THE STATE AUDITOR

SUITE 500  
525 PARK STREET  
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)  
(651) 296-4755 (Fax)  
state.auditor@state.mn.us (E-mail)  
1-800-627-3529 (Relay Service)

### INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Blue Earth County

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Blue Earth County, Minnesota, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Economic Development Authority Enterprise Fund, a blended component unit, which is a major fund and 40 percent, 36 percent, and 25 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Economic Development Authority Enterprise Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Blue Earth County as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund, Public Works Special Revenue Fund, Human Services Special Revenue Fund, and County Ditch Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Blue Earth County's basic financial statements. The introductory section, the supplementary information, and the statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Included in supplementary information is a comparative schedule of capital assets by source, with current and prior year amounts. We have previously audited Blue Earth County's 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 27, 2012. In our opinion, the comparative information presented in that schedule as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2013, on our consideration of Blue Earth County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blue Earth County's internal control over financial reporting and compliance.



REBECCA OTTO  
STATE AUDITOR



GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

May 23, 2013



**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2012**

The Financial Management of Blue Earth County offers readers of Blue Earth County's financial statement this narrative overview and analysis of the financial activities of Blue Earth County for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the notes to the financial statements.

**Financial Highlights**

- ◆ The assets of Blue Earth County exceeded its liabilities at the close of the most recent fiscal year by \$331.4 million (*net position*). Of this amount, \$77.7 million (*unrestricted net position*) may be used to meet the government's on-going obligations to citizens and creditors.
- ◆ The government's total net position increased by \$10.7 million (3.4%) in comparison with the prior year. The main increase is due to additional construction in progress and increased intergovernmental revenue from prior years projects.
- ◆ As of December 31, 2012, the County governmental funds reported combined ending fund balances of \$90.2 million, an increase of \$3.4 million over 2011. Nonspendable and restricted fund balance were \$20.6 million of fund balance or 22.8%. These fund balances are not available for appropriation because of constraints placed on the use of these funds. The remaining fund balances of \$69.6 million or 77.2% are unrestricted and classified as either committed, assigned or unassigned.
- ◆ At the end of the current fiscal year, the General Fund reported a total fund balance of \$31.1 million, an increase of \$1.5 million or 5.2% over the previous year.
- ◆ Blue Earth County's total bonded debt decreased \$1.9 million during the year. The County made payments of \$1.9 million during the year.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Blue Earth County's basic financial statements. Blue Earth County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Blue Earth County's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of Blue Earth County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Blue Earth County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the *timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Blue Earth County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*business-type activities*). The governmental activities of Blue Earth County include general government, public safety, health and welfare, highways and streets, culture and recreation, environmental services, conservation of natural resources, and economic development. The business-type activity of Blue Earth County includes the Ponderosa Landfill and the Blue Earth County Economic Development Authority.

The government-wide financial statements include not only Blue Earth County itself (known as the primary government), but also a legally separate Economic Development Authority, EDA. The EDA, although legally separate, functions for all practical purposes as a department of Blue Earth County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 25-26 of this report.

**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2012**

**Fund Financial Statements.** A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Blue Earth County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Blue Earth County can be divided into three broad categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Within the governmental funds Blue Earth County maintains three fund types: General, Special Revenue, and Capital Projects. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Works Fund, Human Services Fund, County Ditch Fund, and Building and Capital Purchases Fund, all of which are considered to be major.

Blue Earth County adopts an annual appropriated budget for its five major governmental funds. A budgetary comparison statement has been provided for the general fund and special revenue funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements can be found on pages 27-34 of this report.

**Proprietary Funds.** Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Blue Earth County uses enterprise funds to account for the Ponderosa Landfill and the Blue Earth County Economic Development Authority, its component unit.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Ponderosa Landfill fund (a major fund) and the EDA, reported as a major fund.

The basic proprietary fund financial statements can be found on pages 36-39 of this report.

**Fiduciary Funds.** Fiduciary funds (Agency Funds) are used to account for assets held by Blue Earth County as an agent for individuals, private organizations, other governments or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In addition, the agency funds are not reflected in the government-wide financial statements because those resources are not available to support Blue Earth County's programs.

The basic fiduciary fund financial statements can be found on page 40 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-67 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Blue Earth County's progress in funding its obligation to provide other postemployment benefits to its employees. Required Supplementary information can be found on page 68. Other information including schedules on various financial aspects of the County can be found in the Supplementary Information section of this report found on pages 69-78.



**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2012**

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Blue Earth County, assets exceeded liabilities by \$331.4 million at the close of 2012. This is an increase of \$10.7 million or 3.4% over the prior fiscal year.

Net investment in capital assets of \$234.9 million (e.g., land and permanent easements, land improvements, buildings and building improvements, leasehold improvements, personal property, intangibles, infrastructure, and construction in progress, less any related debt used to acquire assets that is still outstanding) represents the largest portion of net position (70.9%). Blue Earth County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Blue Earth County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets increased \$6.2 million in 2012. The majority of this change can be attributed to a \$9.3 million increase in infrastructure, offset by a decrease in buildings and building improvements of \$3.4 million.

Restricted net position (resources that are subject to external restrictions on how they may be used) account for 5.6% of Blue Earth County's net position in 2012 compared to 5.7% in the prior year. Restricted net position increased by \$.6 million from the prior year, mainly in the category of economic development (\$.7 million).

The remaining balance of unrestricted net position, \$77.7 million accounts for 23.5% of total net position and may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Blue Earth County is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior fiscal year.

Additional details are outlined in the table, Blue Earth County Changes in Net Position, and the discussion that follows.

**Blue Earth County's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 105,530,898	\$ 99,882,832	\$ 7,382,829	\$ 6,174,277	\$ 112,913,727	\$ 106,057,109
Capital assets	246,646,504	239,761,741	6,336,996	7,033,966	252,983,500	246,795,707
Total assets	<u>352,177,402</u>	<u>339,644,573</u>	<u>13,719,825</u>	<u>13,208,243</u>	<u>365,897,227</u>	<u>352,852,816</u>
Long-term liabilities outstanding	22,009,508	23,478,249	4,746,526	4,701,174	26,756,034	28,179,423
Other liabilities	7,459,438	3,762,338	264,414	239,619	7,723,852	4,001,957
Total liabilities	<u>29,468,946</u>	<u>27,240,587</u>	<u>5,010,940</u>	<u>4,940,793</u>	<u>34,479,886</u>	<u>32,181,380</u>
Net position:						
Net investment in capital assets	230,705,224	222,531,295	4,227,284	4,924,254	234,932,508	227,455,549
Restricted	18,718,632	18,131,861	37,381	54,325	18,756,013	18,186,186
Unrestricted	73,284,600	71,740,830	4,444,220	3,288,871	77,728,820	75,029,701
Total net position	<u>\$ 322,708,456</u>	<u>\$ 312,403,986</u>	<u>\$ 8,708,885</u>	<u>\$ 8,267,450</u>	<u>\$ 331,417,341</u>	<u>\$ 320,671,436</u>



**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2012**

**Governmental Activities.** Governmental activities increased Blue Earth County's net position by \$10.3 million, thereby accounting for 95.9% of the total growth in the net position of Blue Earth County. Total revenues for governmental activities decreased \$3.2 million (3.9%) in 2012. The majority of this decrease was made up investment income of \$2.6 million in general revenues.

Changes in general revenues were attributable to the following:

- Property taxes collected increased \$1.3 million (4.7%) from the prior year. The county maintained a 0% increase for taxes payable 2012. Substantial delinquent taxes, penalties and interest were paid by taxpayers for prior years, attributing to the increase.
- Investment income decreased \$2.6 million (65.8%) due to poor market conditions.
- Grants and contributions not restricted to specific programs decreased \$1 million (26.4%) mostly due to the elimination of the market value homestead credit.
- Miscellaneous revenues decreased \$.6million (-30.5%).

**Blue Earth County Changes In Net Position**

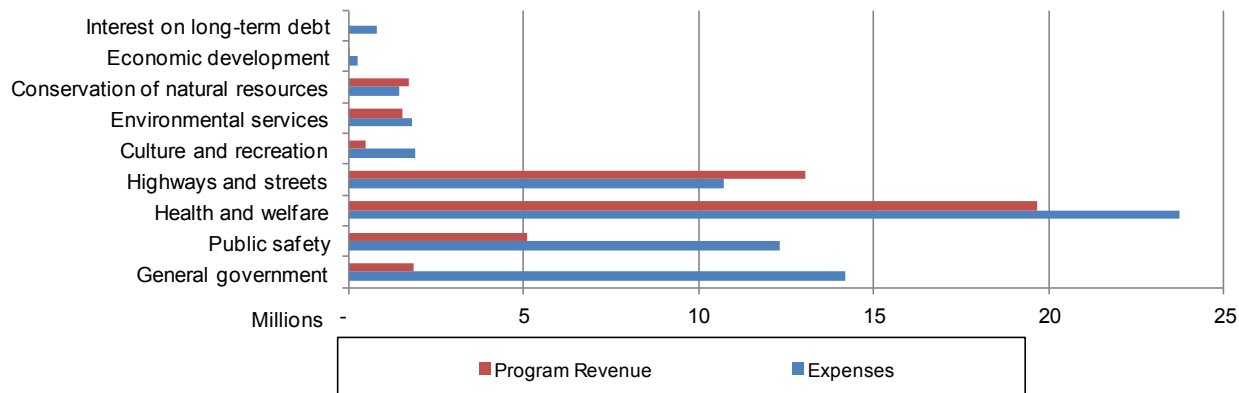
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services	\$ 11,371,133	\$ 10,861,262	\$2,547,162	\$ 2,345,215	\$ 13,918,295	\$ 13,206,477
Operating grants and contributions	24,018,596	25,812,424	504,401	758,967	24,522,997	26,571,391
Capital grants and contributions	8,032,385	7,140,762	177,334	16,194	8,209,719	7,156,956
General revenues:						
Property taxes	28,295,201	27,020,802	-	-	28,295,201	27,020,802
Mortgage registry and deed tax	58,090	47,697	-	-	58,090	47,697
Gifts and contributions	235,141	119,850	-	-	235,141	119,850
Grants and contributions not Restricted to specific programs	2,769,528	3,761,114	34,874	21,838	2,804,402	3,782,952
Investment Income	1,353,494	3,957,072	20,210	52,136	1,373,704	4,009,208
Miscellaneous	1,320,785	1,899,698	88,061	98,553	1,408,846	1,998,251
Total Revenues	<u>77,454,353</u>	<u>80,620,681</u>	<u>3,372,042</u>	<u>3,292,903</u>	<u>80,826,395</u>	<u>83,913,584</u>
Expenses:						
General government	14,187,963	12,538,401	-	-	14,187,963	12,538,401
Public safety	12,334,008	9,820,153	-	-	12,334,008	9,820,153
Health and welfare	23,748,019	23,576,171	-	-	23,748,019	23,576,171
Highways and streets	10,713,067	11,352,021	-	-	10,713,067	11,352,021
Culture and recreation	1,891,351	1,750,351	-	-	1,891,351	1,750,351
Environmental services	1,796,154	1,762,086	-	-	1,796,154	1,762,086
Conservation of natural resources	1,456,747	1,380,074	-	-	1,456,747	1,380,074
Economic development	272,814	656,913	-	-	272,814	656,913
Unallocated interest on long-term debt	793,809	834,852	-	-	793,809	834,852
Landfill	-	-	1,887,287	2,163,983	1,887,287	2,163,983
EDA	-	-	999,271	1,161,767	999,271	1,161,767
Total Expenses	<u>67,193,932</u>	<u>63,671,022</u>	<u>2,886,558</u>	<u>3,325,750</u>	<u>70,080,490</u>	<u>66,996,772</u>
Increase in Net Position before transfers	<u>10,260,421</u>	<u>16,949,659</u>	<u>485,484</u>	<u>(32,847)</u>	<u>10,745,905</u>	<u>16,916,812</u>
Transfers	<u>44,049</u>	<u>(72,028)</u>	<u>(44,049)</u>	<u>72,028</u>	<u>-</u>	<u>-</u>
Increase in Net Position	<u>10,304,470</u>	<u>16,877,631</u>	<u>441,435</u>	<u>39,181</u>	<u>10,745,905</u>	<u>16,916,812</u>
Net Position 1/1/12	<u>312,403,986</u>	<u>295,526,355</u>	<u>8,267,450</u>	<u>8,228,269</u>	<u>320,671,436</u>	<u>303,754,624</u>
Net Position 12/31/12	<u>\$ 322,708,456</u>	<u>\$ 312,403,986</u>	<u>\$ 8,708,885</u>	<u>\$ 8,267,450</u>	<u>\$ 331,417,341</u>	<u>\$ 320,671,436</u>

**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2012**

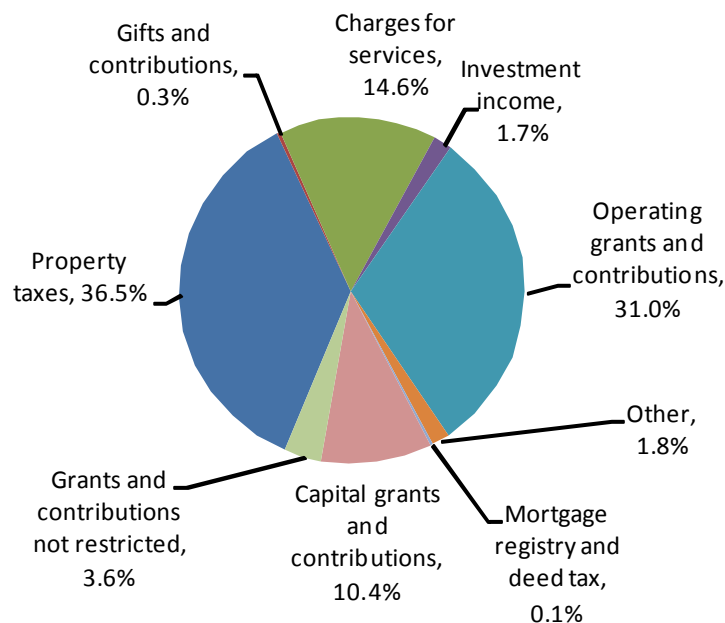
Changes in program revenues resulted from the following:

- Highways and streets charges for services increased \$.1 million, operating grants and contributions decreased \$2.7 million, and capital grants and contributions increased \$1.3 million from the prior year due to fluctuations in road projects and funding of those projects.
- Public Safety charges for services increased \$.1 million, operating grants and contributions increased \$2 million, and capital grants and contributions increased \$.4 million mainly due to Regional Radio Board projects of which Blue Earth County is the fiscal agent.
- Conservation of Natural Resources charges for services increased \$.2 million primarily from an increase in special assessments for the ditch 57 improvement.

**Expenses and Program Revenues - Governmental Activities**



**Revenue by Source - Governmental Activities**



**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2012**

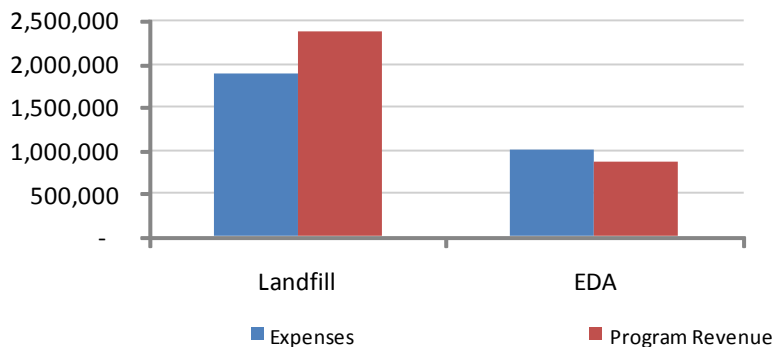
**Business-type Activities.** Business-type activities increased Blue Earth County's net position by \$.4 million accounting for 4.1% of the total change in the government's net position. The Landfill fund increased its net position by \$.5 million. The Landfill fund's revenues consist primarily of charges for services (98.6%). In 2012, operating income in the Landfill fund increased by \$.1 million (6%). Elevated fuel prices and haul distances continue to contribute to increased usage of the local landfill for haulers who own landfills that are farther away. In 2012, this resulted in a 9.4% increase in charges for services over the prior year. Expenditures decreased \$.3 million or 12.8% over the prior year. Administrative services increased 47.1% during the year mainly due to costs related to state requirements on the landfill gas flare system and storm water. In addition, the process was begun for obtaining a new solid waste permit that is due late in 2012. Permitting is done every ten years in order to expand the landfill footprint. An environmental assessment and certificate of need must be done in addition to the permit. Landfill closure and postclosure care expense decreased \$.2 million mainly due to an increase in the inflation rate from .85% to 2.088% used to calculate the estimate in 2011. So 2012 reflects the normal costs. Depreciation expense decreased \$.1 million or 18.8% from the prior year.

The EDA component unit showed an overall decrease in net position of \$.03 million. This decrease is due to the Breckenridge Townhomes project that was funded by capital funds.

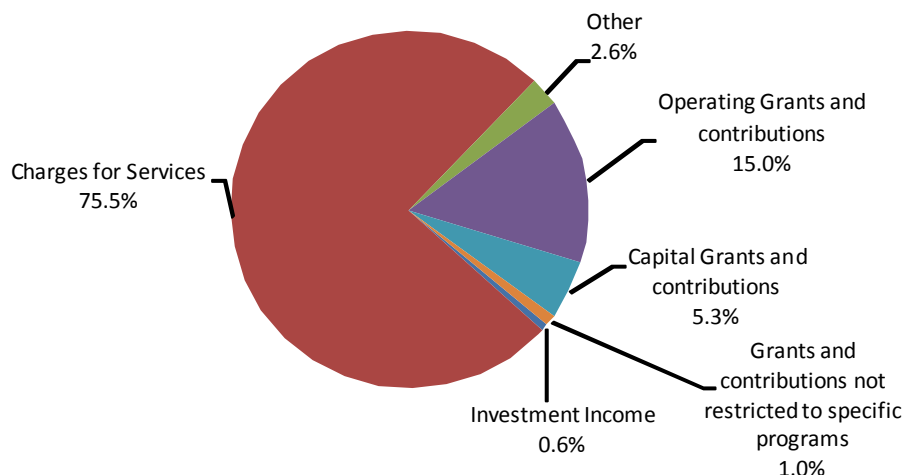
The EDA's revenues are largely intergovernmental revenues from HUD grants and rental charges. The EDA draws down funding from HUD, for the Capital Fund Program based upon allowable program expenses. The EDA's revenues were insufficient to cover expenses during the year.

The financial outlook of the EDA remains stable. There are no restrictions, limitations, or commitments that significantly affect the availability of fund resources for future use.

**Expenses and Program Revenue - Business-Type Activities**



**Revenue by Source- Business-Type Activities**





**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2012**

**Financial Analysis of the Government's Funds**

As noted earlier, Blue Earth County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of Blue Earth County *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Blue Earth County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2012, the County's total fund balance in the governmental funds reported was \$90.2 million an increase of \$3.4 million (3.9%) from 2011. Of this total amount, \$69.6 million or 77.2% constitutes spendable fund balance, categorized as either committed, assigned or unassigned. Committed fund balance is approved by the County Board by resolution for contractual agreements that will be satisfied with existing fund balance resources, fund balance in the health insurance program, 2017 principal and interest debt service amount to pay off the Lease Revenue Bond of 2007, Emergency Management per MN Statute 12.26 with the amount determined by the County Administrator, building and capital requests according to the County's Capital Improvement Plan, and special revenue funds long-term receivables. The remainder of fund balance is restricted or nonspendable to indicate that it is not available for appropriation because of constraints placed on the use of these funds. Information on restricted funds can be found on page 61 in the notes to the financial statements of this report.

The General Fund is the chief operating fund of Blue Earth County. At the end of the current fiscal year, spendable fund balance of the General Fund was \$13.4 million, compared to \$12.1 million in 2011. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance of the general fund was equal to 46.2% of expenditures, while total fund balance represented 139% of expenditures.

In 2012, the fund balance of Blue Earth County's General Fund increased by \$1.5 million to \$31.1 million. General Fund revenues exceeded expenditures by \$2.2 million with transfers out exceeding transfers in by \$.9 million, there was also amounts loaned to the County from the State MPCA loan program of .2 million. Revenue decreased by \$4.7 million which included investment income of \$2.6 million resulting from lower fair values, and property taxes decreases of \$3.3 million from transfer of levy to the Building and Capital Purchases Fund. General Fund expenditures increased \$1.6 million or 7.7% during the year. These increases included Public Safety expenditures of \$2 million during the year due to purchase made by the South Central MN Regional Radio Board.

The Public Works Fund had a decrease in fund balance after increase (decrease) for inventories of \$.4 million in 2012. This fund had a negative fund balance of \$5 million at the end of the current fiscal year. The County provided initial funding of several projects for which reimbursement started in 2012 and will continue for several years. Revenues increased by 2.4% while expenditures decreased by 12.2% mainly due to timing of road projects. This fund shows a negative unassigned fund balance of \$5.9 million taking into account nonspendable amounts for inventories of \$.9 million.

The fund balance of the Human Services Fund increased \$.5 million during the current fiscal year. The Human Services Fund had a total fund balance of \$8.8 million at the end of 2012. Revenues decreased .9% mainly due to an decrease in intergovernmental revenues from cuts in Adult Mental Health. Expenditures increased .2% in the mental health area.

The County Ditch Fund has a total fund balance of \$.01 million at the end of 2012, an decrease of \$.5 million. Total expenditures exceeded revenues due to project costs being incurred before collection of assessments.

The Building and Capital Purchases Fund had a total fund balance of \$55.2 million at the end of the current fiscal year, a increase of \$2.4 million. Revenue increased \$4.3 million. Property Tax Revenue increased \$4 million due to no property tax allocated to building and capital for 2011 because excess fund balance was used to fund 2011 expenditures. Expenditures for capital outlay increased \$.7 million in Public Safety for Radio Board equipment purchases. Transfers in decreased by \$.5 million due to a program fund balance transferred in for 2011.



**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2012**

**Proprietary Funds.** Blue Earth County proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net investment in capital assets amount to \$4.2 million of total net position of \$8.7 million or 48.5%. This category of net position decreased \$.7 million due to depreciation of assets. Other factors concerning the finances of these two funds have already been addressed in the discussion of Blue Earth County's business-type activities.

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget in the General Fund can be summarized as follows:

- The intergovernmental revenue budget increased \$2 million mainly due to grants received for the South Central MN Regional Radio Board.
- The Administrative Services expenditure budget decreased \$1 million mainly due to an elimination of contract services.
- The Sheriff expenditure budget increased \$1 million mainly due to participation in the South Central MN Regional Radio Board.
- Budgeted Transfers in increased \$.2 million.

Differences between the final amended budget and actual amounts can be summarized as follows:

- Intergovernmental revenue had a positive variance of \$.4 million with the final budget due to additional grants received for various programs.
- Investment Income had a negative variance of \$.4 million due to decrease of fair value of investments.
- Miscellaneous revenue had a positive variance of \$.4 million with the final budget due to conservative budgeting.
- Sheriff had a negative variance of \$.7 million with the final budget due to increase expenditures for the Regional Radio Board.
- Transfers out had a negative variance of \$.2 million with the final budget due to the transfer of a program to another fund.

**Capital Asset and Debt Administration**

**Capital Assets.** Blue Earth County's net investment in capital assets for its governmental and business-type activities as of December 31, 2012, amounts to \$234.9 million (net of accumulated depreciation/amortization). This investment in capital assets includes land and permanent easements, land improvements, buildings and building improvements, leasehold improvements, personal property, intangibles, infrastructure, and construction in progress. The total increase in Blue Earth County's net investment in capital assets for the current fiscal year was \$7.5 million or 3.29%.

Major capital asset events during the current fiscal year included the following:

- Net increase in construction in progress for governmental activities of \$9.4 million. Outstanding construction in progress includes bridge projects \$.4 million and CSAH and county roads \$12.5 million.
- Net increase in infrastructure for governmental activities of \$.5 million, includes additions of \$4.2 million mainly due to projects for CSAH 9, 12, 86, Bridges on CR 140 and 164, and Red Jacket Trestle, offset by depreciation of \$3.7 million
- Net decrease in buildings and building improvements for governmental activities of \$3.3 million is mainly due to the sale of the Nichols Building.
- Net increase in personal property for governmental activities of \$.3 million, includes \$1.5 million in additions mainly for patrol vehicles, dispatch equipment, motor grader and other highway equipment, offset by disposals of assets for \$.2 million and depreciation of \$1 million.
- Capital assets for business-type activities decreased \$.7 million due to depreciation of assets.

Additional information on Blue Earth County's capital assets can be found in note 6 on pages 53-54 of this report.



**Management's Discussion and Analysis (Unaudited)**  
**December 31, 2012**

**Blue Earth County Capital Assets (Net)**

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land and permanent easements	\$ 37,092,164	\$ 37,060,541	\$ 794,988	\$ 794,988	\$ 37,887,152	\$ 37,855,529
Construction in progress	12,930,999	3,574,205	66,566	122,160	12,997,565	3,696,365
Land improvements	1,962,356	1,690,754	1,022,862	1,547,742	2,985,218	3,238,496
Building and building improvements	39,460,339	42,760,228	3,107,222	3,223,325	42,567,561	45,983,553
Leasehold improvements	-	-	955,377	862,254	955,377	862,254
Personal property	5,667,620	5,340,958	389,981	483,497	6,057,601	5,824,455
Intangibles	2,074,566	2,325,386	-	-	2,074,566	2,325,386
Infrastructure	147,458,460	147,009,669	-	-	147,458,460	147,009,669
Total	<u>\$ 246,646,504</u>	<u>\$ 239,761,741</u>	<u>\$ 6,336,996</u>	<u>\$ 7,033,966</u>	<u>\$ 252,983,500</u>	<u>\$ 246,795,707</u>

**Long-term Debt.** At the end of the current fiscal year, Blue Earth County had total bonded debt outstanding of \$18.8 million. This is a decrease of \$1.9 million from the start of the year.

Current and future county tax levies are used to finance general obligation bonds and are paid from the General Fund. Special assessment bonded debt will be repaid from special assessments levied on benefited property from the County Ditch Special Revenue Fund. The Public Project Lease Revenue bonds are special obligations of the County and do not constitute a debt for which the full faith and credit and taxing powers of the County are pledged. The County will appropriate funds from the General Fund for this purpose each year in the County's annual budget, however the County is not required to appropriate or provide monies for this purpose.

Blue Earth County maintains a "Aa2" rating from Moody's Investor Services for general obligation debt. State statutes limit the amount of general obligation debt a county can incur to no more than 3% of the market value of taxable property in the County. The current debt limitation for Blue Earth County is \$197.4 million which is significantly in excess of Blue Earth County's outstanding general obligation debt.

Blue Earth County has several loans outstanding with the Minnesota Pollution Control Agency for funding Clean Water Projects which will be repaid from special assessments. The County also has a Minnesota Cleanup Revolving Loan with the Minnesota Department of Employment and Economic Development for the abatement of asbestos at the Nichols building. Blue Earth County has an agreement with Vine Faith in Action who purchased the building from the County for repayment of the DEED loan. The EDA has outstanding loans of \$2.1 million for financing the Breckenridge Townhomes project.

Additional information on Blue Earth County's long-term debt can be found in note 9 on pages 56-60 of this report.

**Blue Earth County Long-term Bonded Debt**

	Governmental Activities	
	2012	2011
General obligation bonds	\$ 2,045,000	\$ 3,035,000
Plus unamortized premium	46,981	70,471
Total General obligation bonds	2,091,981	3,105,471
Special assessment debt with governmental commitment	1,446,000	1,642,000
Public Project Lease Revenue bonds	15,080,000	15,775,000
Plus unamortized premium	212,318	226,472
Total Public Project Lease Revenue bonds	15,292,318	16,001,472
Total	<u>\$ 18,830,299</u>	<u>\$ 20,748,943</u>

**Management's Discussion and Analysis (Unaudited)  
December 31, 2012**

**Economic Factors and Next Year's Budgets and Rates**

- The average unemployment rate for Blue Earth County for 2012 was 4.8%, which is a decrease from a rate of 5.3% from the prior year. This is lower in comparison with the state's average rate of 5.6% and the nation's average rate of 8.1%.
- The EDA property vacancy rate is 4.6%, comparable to last year. This is considered to be moderate. The EDA continues to experience fill vacancies in Mapleton due to high transportation costs.
- Blue Earth County ranks among the lowest per-capita spenders of Minnesota's 87 counties.
- Blue Earth County property tax per capita remains lower than the eight-county average.
- A significant portion of the County's budget is used to provide programs and services mandated by the state or federal governments. State funding continues to be cut for these mandated services. It is a regular part of the Blue Earth County budget process to figure out how to provide services deemed necessary to the community while still meeting the mandates that come with decreasing funding levels.
- Priority areas in the budget are :
  - Budget Stability due to increase demands for mandated programs and services,
  - Technology,
  - Capital Initiatives to operate facilities in the most efficient manner,
  - Transportation Infrastructure,
  - Community PartnershipsAll of these factors were considered in preparing Blue Earth County's budget for the 2013 fiscal year.

On December 18, 2012 the Blue Earth County Board of Commissioners approved the 2013 budget. The property tax levy of \$29,036,661 is 2.6% more than 2012. The majority of this increase is due to Blue Earth County taking over the City of Mankato's part of the Library levy of \$574,275.

The State of Minnesota budget outlook has improved due to lower spending estimates and revenue forecast gains. It will ease but not eliminate the extent of budget cuts or revenue increases that will be necessary to balance the state's budget. The federal sequester will likely go into effect and will reduce Minnesota employment growth by 5,000. Forecaster's believe the sequester will not result in a recession but leaves the economy with little cushion against future economic shocks. Property tax reforms and the budget at the state level significantly impacts government aid payments. There is a tax proposal to increase the County's Program Aid from the State starting in FY 2015.

**Requests for Information**

This financial report is designed to provide a general overview of the Blue Earth County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, P.O. Box 8608, Mankato, MN 56002-8608 or contact us via email at [Lisa.malinski@blueearthcountymn.gov](mailto:Lisa.malinski@blueearthcountymn.gov) or visit our web site at [www.blueearthcountymn.gov](http://www.blueearthcountymn.gov)

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**BLUE EARTH COUNTY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

**Exhibit 1**

**Primary Government**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash and Investments	\$ 90,365,167	\$ 4,533,272	\$ 94,898,439
Taxes Receivable-Delinquent	696,137	0	696,137
Special Assessments Receivable -Delinquent	2,215	0	2,215
Special Assessments Receivable-Deferred	3,163,488	0	3,163,488
Accounts Receivable	308,983	296,179	605,162
Accrued Interest Receivable	195,135	0	195,135
Notes Receivable	867,308	0	867,308
Due from Other Governments	8,414,612	0	8,414,612
Prepaid Items	0	16,701	16,701
Inventories	860,738	0	860,738
Restricted Assets			
Cash Security Deposits	0	21,412	21,412
Cash Family Self Sufficiency Deposits	0	6,273	6,273
Cash-Other	0	171,808	171,808
Cash Voucher Program	0	37,381	37,381
Closure Escrowed Investments	0	2,289,760	2,289,760
Interest Receivable Closure Escrowed Investments	0	10,043	10,043
Notes Receivable	353,071	0	353,071
Deferred Debt Issuance Costs	304,044	0	304,044
Capital Assets not being depreciated:			
Land and Permanent Easements	37,092,164	794,988	37,887,152
Construction in Progress	12,930,999	66,566	12,997,565
Capital Assets (net of accumulated depreciation/amortization):			
Land Improvements	1,962,356	1,022,862	2,985,218
Buildings and Building Improvements	39,460,339	3,107,222	42,567,561
Leasehold Improvements	0	955,377	955,377
Personal Property	5,667,620	389,981	6,057,601
Intangibles	2,074,566	0	2,074,566
Infrastructure	147,458,460	0	147,458,460
<b>Total Assets</b>	<b>\$ 352,177,402</b>	<b>\$ 13,719,825</b>	<b>\$ 365,897,227</b>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 1,583,890	\$ 38,158	\$ 1,622,048
Salaries Payable	1,036,247	1,586	1,037,833
Contracts Payable	246,271	0	246,271
Accrued Interest Payable	88,674	0	88,674
Due to Other Governments	878,762	23,517	902,279
Advances from Other Governments	3,449,640	0	3,449,640
Unearned Revenue	175,954	1,660	177,614
Security Deposits Payable	0	21,412	21,412
Family Self Sufficiency Deposits Payable	0	6,273	6,273
Other Current Liabilities	0	171,808	171,808
Accrued Closure Payable	0	2,636,814	2,636,814
General Obligation Bonds Payable (due within one year)	1,038,490	0	1,038,490
General Obligation Special Assess. Bonds Payable (due within one year)	154,000	0	154,000
Lease Revenue Bond (due within one year)	739,154	0	739,154
Loan Payable (due within one year)	70,793	0	70,793
Compensated Absences (due within one year)	1,151,057	0	1,151,057
Compensated Absences (due in more than one year)	744,140	0	744,140
Loan Payable (due in more than one year)	825,581	2,109,712	2,935,293
General Obligation Bonds Payable (due in more than one year)	1,053,491	0	1,053,491
G. O. Special Assess. Bonds Payable (due in more than one year)	1,292,000	0	1,292,000
Lease Revenue Bond (due in more than one year)	14,553,164	0	14,553,164
Net OPEB Payable	387,638	0	387,638
<b>Total Liabilities</b>	<b>\$ 29,468,946</b>	<b>\$ 5,010,940</b>	<b>\$ 34,479,886</b>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	\$ 230,705,224	\$ 4,227,284	\$ 234,932,508
Restricted for:			
General Government	781,393	0	781,393
Public Safety	124,014	0	124,014
Environmental Services	9,409,539	0	9,409,539
Conservation of Natural Resources	1,068,906	0	1,068,906
Economic Development	1,481,326	0	1,481,326
Culture and Recreation	170,741	0	170,741
Solid Waste	1,133,439	0	1,133,439
Road Projects	1,547,656	0	1,547,656
Debt Service	2,615,772	0	2,615,772
Unspent Grant Revenues	385,846	0	385,846
Voucher Program	0	37,381	37,381
Unrestricted	73,284,600	4,444,220	77,728,820
<b>Total Net Position</b>	<b>\$ 322,708,456</b>	<b>\$ 8,708,885</b>	<b>\$ 331,417,341</b>

The notes to the financial statements are an integral part of this statement.

**BLUE EARTH COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Exhibit 2**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental activities:							
General Government	14,187,963	1,723,065	112,490	10,082	(12,342,326)	0	(12,342,326)
Public Safety	12,334,008	805,554	3,886,824	389,250	(7,252,380)	0	(7,252,380)
Health and Welfare	23,748,019	5,654,266	14,011,878	0	(4,081,875)	0	(4,081,875)
Highways and Streets	10,713,067	322,096	5,423,359	7,306,083	2,338,471	0	2,338,471
Culture and Recreation	1,891,351	167,774	45,282	265,728	(1,412,567)	0	(1,412,567)
Environmental Services	1,796,154	1,101,703	360,665	61,242	(272,544)	0	(272,544)
Conservation of Natural Resources	1,456,747	1,564,966	160,451	0	268,670	0	268,670
Economic Development	272,814	31,709	17,647	0	(223,458)	0	(223,458)
Unallocated Interest on Long-Term Debt	793,809	0	0	0	(793,809)	0	(793,809)
Total governmental activities	67,193,932	11,371,133	24,018,596	8,032,385	(23,771,818)	0	(23,771,818)
Business-type activities:							
Landfill	1,887,287	2,365,411	0	0	0	478,124	478,124
EDA	999,271	181,751	504,401	177,334	0	(135,785)	(135,785)
Total business-type activities	2,886,558	2,547,162	504,401	177,334	0	342,339	342,339
Total primary government	\$ 70,080,490	\$ 13,918,295	\$ 24,522,997	\$ 8,209,719	\$ (23,771,818)	\$ 342,339	\$ (23,429,479)
General revenues:							
Property Taxes					28,295,201	0	28,295,201
Mortgage Registry and Deed Tax					58,090	0	58,090
Gifts and Contributions					235,141	0	235,141
Investment Income					1,353,494	20,210	1,373,704
Grants and contributions not restricted to specific programs					2,769,528	34,874	2,804,402
Miscellaneous					1,320,785	88,061	1,408,846
Transfers					44,049	(44,049)	0
Total general revenues and transfers					34,076,288	99,096	34,175,384
Change in net position					10,304,470	441,435	10,745,905
Net position - beginning					312,403,986	8,267,450	320,671,436
Net position - ending					\$ 322,708,456	\$ 8,708,885	\$ 331,417,341

The notes to the financial statements are an integral part of this statement.

**BLUE EARTH COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

**Exhibit 3**

	General	Public Works	Human Services	County Ditch	Building and Capital Purchases	Total Governmental Funds
<b>Assets</b>						
Cash and Investments	\$ 29,789,251	\$ 374,233	\$ 8,516,815	\$ 1,078,230	\$ 50,606,638	\$ 90,365,167
Taxes Receivable- Delinquent	352,294	129,999	151,134	0	62,710	696,137
Special Assessments Receivable-Delinquent	0	0	0	2,215	0	2,215
Special Assessments Receivable-Deferred	570,225	0	0	2,593,263	0	3,163,488
Accounts Receivable	102,808	16,573	189,602	0	0	308,983
Accrued Interest Receivable	195,135	0	0	0	0	195,135
Due from Other Funds	20,997	9,877	630	0	0	31,504
Due from Other Governments	1,195,256	5,364,302	1,663,899	104,784	86,371	8,414,612
Advances to Other Funds	933,129	0	0	0	4,500,000	5,433,129
Inventories	0	860,738	0	0	0	860,738
Notes Receivable	1,039,749	0	0	0	180,630	1,220,379
<b>Total Assets</b>	<b>\$ 34,198,844</b>	<b>\$ 6,755,722</b>	<b>\$ 10,522,080</b>	<b>\$ 3,778,492</b>	<b>\$ 55,436,349</b>	<b>\$ 110,691,487</b>
<b>Liabilities</b>						
Accounts Payable	\$ 866,891	\$ 118,442	\$ 391,287	\$ 131,684	\$ 75,586	\$ 1,583,890
Salaries Payable	534,966	108,825	392,456	0	0	1,036,247
Contracts Payable	0	125,493	0	41,468	79,310	246,271
Due to Other Funds	10,021	107	21,376	0	0	31,504
Due to Other Governments	664,012	11,037	199,713	4,000	0	878,762
Advances from Other Governments	0	3,449,640	0	0	0	3,449,640
Deferred Revenue	1,072,661	3,437,305	706,474	2,595,478	47,256	7,859,174
Advances from Other Funds	0	4,500,000	0	933,129	0	5,433,129
<b>Total Liabilities</b>	<b>3,148,551</b>	<b>11,750,849</b>	<b>1,711,306</b>	<b>3,705,759</b>	<b>202,152</b>	<b>20,518,617</b>
<b>Fund Balance</b>						
Nonspendable	1,132,832	860,738	0	0	0	1,993,570
Restricted	16,547,465	0	0	1,068,906	981,675	18,598,046
Committed	2,569,737	0	0	0	42,236,778	44,806,515
Assigned	466,468	0	8,810,774	0	12,015,744	21,292,986
Unassigned	10,333,791	(5,855,865)	0	(996,173)	0	3,481,753
<b>Total Fund Balance</b>	<b>31,050,293</b>	<b>(4,995,127)</b>	<b>8,810,774</b>	<b>72,733</b>	<b>55,234,197</b>	<b>90,172,870</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 34,198,844</b>	<b>\$ 6,755,722</b>	<b>\$ 10,522,080</b>	<b>\$ 3,778,492</b>	<b>\$ 55,436,349</b>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<b>246,646,504</b>
Long-term liabilities, including bond payables, are not due and payable in the current period and therefore are not reported in the funds.	<b>(21,794,138)</b>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	<b>7,683,220</b>
Net position of governmental activities	<b>\$ 322,708,456</b>

**BLUE EARTH COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Exhibit 4**

	<b>General</b>	<b>Public Works</b>	<b>Human Services</b>	<b>County Ditch</b>	<b>Building and Capital Purchases</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>						
Property Taxes	\$ 13,245,250	\$ 5,149,888	\$ 6,080,216	\$ 0	\$ 3,993,486	\$ 28,468,840
Mortgage Registry and Deed Tax	58,090	0	0	0	0	58,090
Special Assessments	118,936	7,882	0	468,626	0	595,444
Licenses and Permits	259,920	0	0	0	0	259,920
Intergovernmental	4,884,407	15,400,793	15,787,469	391,014	460,574	36,924,257
Charges for Services	3,206,155	408,229	5,938,043	0	0	9,552,427
Fines and Forfeitures	82,628	0	2,061	0	0	84,689
Investment Income	1,353,160	0	0	0	0	1,353,160
Miscellaneous	1,272,546	264,899	217,833	29,072	66,444	1,850,794
Gifts and Contributions	150,225	0	82,584	0	2,332	235,141
<b>Total Revenues</b>	<b>24,631,317</b>	<b>21,231,691</b>	<b>28,108,206</b>	<b>888,712</b>	<b>4,522,836</b>	<b>79,382,762</b>
<b>Expenditures</b>						
<b>Current</b>						
General Government	6,910,940	0	0	0	0	6,910,940
Public Safety	9,383,450	0	2,361,475	0	0	11,744,925
Health and Welfare	0	0	25,065,805	0	0	25,065,805
Highways and Streets	0	21,096,017	0	0	0	21,096,017
Culture and Recreation	1,201,732	400,423	0	0	0	1,602,155
Environmental Services	1,858,936	0	0	0	0	1,858,936
Conservation of Natural Resources	225,890	0	0	1,151,736	0	1,377,626
Economic Development	272,814	0	0	0	0	272,814
<b>Debt Service</b>						
Principal Retirement	1,727,673	0	0	196,000	14,370	1,938,043
Interest and Fiscal Charges	800,783	0	0	68,639	0	869,422
<b>Capital Outlay</b>	<b>0</b>	<b>755,933</b>	<b>153,964</b>	<b>0</b>	<b>2,868,868</b>	<b>3,778,765</b>
<b>Total Expenditures</b>	<b>22,382,218</b>	<b>22,252,373</b>	<b>27,581,244</b>	<b>1,416,375</b>	<b>2,883,238</b>	<b>76,515,448</b>
<b>Excess of Revenues Over (Under)Expenditures</b>	<b>2,249,099</b>	<b>(1,020,682)</b>	<b>526,962</b>	<b>(527,663)</b>	<b>1,639,598</b>	<b>2,867,314</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	211,269	444,742	19,623	3,075	527,484	1,206,193
Transfers Out	(1,075,384)	0	(76,760)	0	(10,000)	(1,162,144)
Loans	155,153	0	0	0	195,000	350,153
<b>Total Other Financing Sources (Uses)</b>	<b>(708,962)</b>	<b>444,742</b>	<b>(57,137)</b>	<b>3,075</b>	<b>712,484</b>	<b>394,202</b>
<b>Net Change in Fund Balance</b>	<b>1,540,137</b>	<b>(575,940)</b>	<b>469,825</b>	<b>(524,588)</b>	<b>2,352,082</b>	<b>3,261,516</b>
<b>Fund Balance - January 1</b>	<b>29,510,156</b>	<b>(4,580,972)</b>	<b>8,340,949</b>	<b>597,321</b>	<b>52,882,115</b>	<b>86,749,569</b>
<b>Increase (Decrease) in Inventories</b>	<b>0</b>	<b>161,785</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>161,785</b>
<b>Fund Balance - December 31</b>	<b>\$ 31,050,293</b>	<b>\$ (4,995,127)</b>	<b>\$ 8,810,774</b>	<b>\$ 72,733</b>	<b>\$ 55,234,197</b>	<b>\$ 90,172,870</b>

The notes to the financial statements are an integral part of this statement.

**BLUE EARTH COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Exhibit 5**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	3,261,516
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays reported as expenditures	\$ 16,193,680	
Net book value of capital assets disposed of	(3,052,085)	
Depreciation expense	<u>(6,256,832)</u>	
The amounts by which capital outlays exceeded depreciation in the current period.		6,884,763

The issuance of long term debt (e.g., bonds, loans) provides current financial resources to governmental funds, while issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal of long-term debt is an expenditure in the governmental funds; however, the repayment reduces long-term liabilities in the statement of net assets.

Issuance of debt less premiums reported as current financial resources	(346,473)	
Repayment of debt principal reported as expenditures	1,938,043	
Change in Net OPEB payable	<u>(10,874)</u>	
The amount by which repayments exceeded proceeds.		1,580,696

Some expenses in the statement of activities are not recognized in the governmental funds.

Change in interest payable	3,794	
Change in inventory charged to expense	161,785	
Change in compensated absences payable	<u>(145,919)</u>	
The amount by which expense payable exceeded expenditures		19,660

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Change in deferred revenue for taxes and special assessments	796,584	
Change in deferred revenue for grants and allotments	<u>(2,238,749)</u>	
The amount by which governmental funds deferred revenue increased.		(1,442,165)

Changes in net position of governmental activities		<u><u>10,304,470</u></u>
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The notes to the financial statements are an integral part of this statement.

**BLUE EARTH COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Exhibit 6

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Property Taxes	\$ 13,113,447	\$ 13,113,447	\$ 13,245,250	\$ 131,803
Mortgage Registry and Deed Tax	49,000	49,000	58,090	9,090
Special Assessments	47,356	81,129	118,936	37,807
Licenses and Permits	241,540	241,540	259,920	18,380
Intergovernmental	2,501,225	4,466,774	4,884,407	417,633
Charges for Services	3,367,115	3,316,407	3,206,155	(110,252)
Fines and forfeitures	46,530	46,730	82,628	35,898
Investment Income	1,750,000	1,750,000	1,353,160	(396,840)
Miscellaneous	888,123	915,123	1,272,546	357,423
Gifts and Contributions	50,525	55,525	150,225	94,700
<b>Total Revenues</b>	<b>22,054,861</b>	<b>24,035,675</b>	<b>24,631,317</b>	<b>595,642</b>
<b>Expenditures</b>				
<b>General Government</b>				
Commissioners	325,254	323,464	331,466	(8,002)
Courts	88,000	88,000	130,404	(42,404)
License Center	574,857	572,351	588,272	(15,921)
Administrative Services	2,220,562	1,213,612	1,032,883	180,729
Attorney	1,317,776	1,312,764	1,262,008	50,756
Taxpayer Services	1,933,869	1,925,635	1,838,769	86,866
Building and Maintenance	1,635,842	1,638,463	1,533,279	105,184
Veterans Service Officer	154,255	153,539	154,392	(853)
Other	40,000	40,000	39,467	533
<b>Total General Government</b>	<b>8,290,415</b>	<b>7,267,828</b>	<b>6,910,940</b>	<b>356,888</b>
<b>Public Safety</b>				
Sheriff	4,693,235	5,726,316	6,420,689	(694,373)
Medical Examiner	36,000	36,000	32,521	3,479
Jail	2,930,015	2,918,338	2,883,164	35,174
Emergency Services	139,570	46,570	47,076	(506)
<b>Total Public Safety</b>	<b>7,798,820</b>	<b>8,727,224</b>	<b>9,383,450</b>	<b>(656,226)</b>
<b>Culture and Recreation</b>				
Historical Society	92,468	92,468	92,468	0
Library	1,065,987	1,026,726	992,716	34,010
Other	90,508	90,508	116,548	(26,040)
<b>Total Culture and Recreation</b>	<b>1,248,963</b>	<b>1,209,702</b>	<b>1,201,732</b>	<b>7,970</b>
<b>Environmental Services</b>				
Environmental Services	1,865,489	1,860,477	1,858,936	1,541

Exhibit 6

**BLUE EARTH COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE** (Continued)  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Conservation of Natural Resources</b>				
Cooperative Extension	193,400	193,042	186,636	6,406
Agricultural Society	39,254	39,254	39,254	0
<b>Total Conservation of Natural Resources</b>	<b>232,654</b>	<b>232,296</b>	<b>225,890</b>	<b>6,406</b>
<b>Economic Development</b>				
Economic Development	174,189	174,989	272,814	(97,825)
<b>Debt Service</b>				
Principal Retirement	1,738,623	1,733,497	1,727,673	5,824
Interest and Fiscal Charges	797,308	797,308	800,783	(3,475)
<b>Total Debt Service</b>	<b>2,535,931</b>	<b>2,530,805</b>	<b>2,528,456</b>	<b>2,349</b>
<b>Total Expenditures</b>	<b>22,146,461</b>	<b>22,003,321</b>	<b>22,382,218</b>	<b>(378,897)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(91,600)</b>	<b>2,032,354</b>	<b>2,249,099</b>	<b>216,745</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	64,645	216,722	211,269	(5,453)
Transfers Out	(849,621)	(861,370)	(1,075,384)	(214,014)
Loans	100,000	100,000	155,153	55,153
<b>Total Other Financing Sources (Uses)</b>	<b>(684,976)</b>	<b>(544,648)</b>	<b>(708,962)</b>	<b>(164,314)</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(776,576)</b>	<b>1,487,706</b>	<b>1,540,137</b>	<b>52,431</b>
<b>Fund Balance - January 1</b>	<b>29,510,156</b>	<b>29,510,156</b>	<b>29,510,156</b>	<b>0</b>
<b>Fund Balance - December 31</b>	<b>\$ 28,733,580</b>	<b>\$ 30,997,862</b>	<b>\$ 31,050,293</b>	<b>\$ 52,431</b>

The notes to the financial statements are an integral part of this statement.

**BLUE EARTH COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**PUBLIC WORKS SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Exhibit 7

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Property Taxes	\$ 5,185,852	\$ 5,185,852	\$ 5,149,888	\$ (35,964)
Special Assessments	0	0	7,882	7,882
Intergovernmental	12,555,601	15,555,601	15,400,793	(154,808)
Charges for Services	315,000	315,000	408,229	93,229
Miscellaneous	245,724	245,724	264,899	19,175
<b>Total Revenues</b>	<b>18,302,177</b>	<b>21,302,177</b>	<b>21,231,691</b>	<b>(70,486)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Highways and Streets</b>				
Administration	432,461	430,216	426,298	3,918
Maintenance	5,409,858	5,900,542	5,857,521	43,021
Construction	13,974,833	14,772,379	14,733,163	39,216
Other	33,004	82,879	79,035	3,844
<b>Total Highways and Streets</b>	<b>19,850,156</b>	<b>21,186,016</b>	<b>21,096,017</b>	<b>89,999</b>
<b>Culture and Recreation</b>				
Parks	442,881	441,628	400,423	41,205
<b>Total Culture and Recreation</b>	<b>442,881</b>	<b>441,628</b>	<b>400,423</b>	<b>41,205</b>
<b>Capital Outlay</b>	501,500	751,500	755,933	(4,433)
<b>Total Expenditures</b>	<b>20,794,537</b>	<b>22,379,144</b>	<b>22,252,373</b>	<b>126,771</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(2,492,360)</b>	<b>(1,076,967)</b>	<b>(1,020,682)</b>	<b>56,285</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	454,736	454,736	444,742	(9,994)
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(2,037,624)</b>	<b>(622,231)</b>	<b>(575,940)</b>	<b>46,291</b>
<b>Fund Balance - January 1</b>	<b>(4,580,972)</b>	<b>(4,580,972)</b>	<b>(4,580,972)</b>	<b>0</b>
<b>Increase (Decrease) in Inventories</b>	<b>0</b>	<b>0</b>	<b>161,785</b>	<b>161,785</b>
<b>Fund Balance - December 31</b>	<b>\$ (6,618,596)</b>	<b>\$ (5,203,203)</b>	<b>\$ (4,995,127)</b>	<b>\$ 208,076</b>

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**HUMAN SERVICES SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$ 6,123,363	\$ 6,123,363	\$ 6,080,216	\$ (43,147)
Intergovernmental	16,629,730	15,789,730	15,787,469	(2,261)
Charges for Services	5,390,083	5,890,083	5,938,043	47,960
Fines and Forfeitures	9,000	9,000	2,061	(6,939)
Miscellaneous	301,991	201,991	217,833	15,842
Gifts and Contributions	78,673	78,673	82,584	3,911
<b>Total Revenues</b>	<b>28,532,840</b>	<b>28,092,840</b>	<b>28,108,206</b>	<b>15,366</b>
<b>Expenditures</b>				
<b>Public Safety</b>				
Corrections	2,493,253	2,394,303	2,361,475	32,828
<b>Total Public Safety</b>	<b>2,493,253</b>	<b>2,394,303</b>	<b>2,361,475</b>	<b>32,828</b>
<b>Health and Welfare</b>				
Income Maintenance	4,429,674	4,438,283	4,471,125	(32,842)
Social Services	9,354,068	9,015,557	8,999,579	15,978
Mental Health	9,688,210	9,751,715	9,743,676	8,039
Community Health	1,986,664	1,880,366	1,851,425	28,941
<b>Total Health and Welfare</b>	<b>25,458,616</b>	<b>25,085,921</b>	<b>25,065,805</b>	<b>20,116</b>
<b>Capital Outlay</b>	<b>108,500</b>	<b>170,078</b>	<b>153,964</b>	<b>16,114</b>
<b>Total Expenditures</b>	<b>28,060,369</b>	<b>27,650,302</b>	<b>27,581,244</b>	<b>69,058</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>472,471</b>	<b>442,538</b>	<b>526,962</b>	<b>84,424</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	33,200	21,200	19,623	(1,577)
Transfers Out	(81,895)	(81,895)	(76,760)	5,135
<b>Total Other Financing Sources (Uses)</b>	<b>(48,695)</b>	<b>(60,695)</b>	<b>(57,137)</b>	<b>3,558</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>423,776</b>	<b>381,843</b>	<b>469,825</b>	<b>87,982</b>
<b>Fund Balance - January 1</b>	<b>8,340,949</b>	<b>8,340,949</b>	<b>8,340,949</b>	<b>0</b>
<b>Fund Balance - December 31</b>	<b>\$ 8,764,725</b>	<b>\$ 8,722,792</b>	<b>\$ 8,810,774</b>	<b>\$ 87,982</b>

The notes to the financial statements are an integral part of this statement.

**BLUE EARTH COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**COUNTY DITCH SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Exhibit 9**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Special Assessments	\$ 600,000	\$ 500,000	\$ 468,626	\$ (31,374)
Intergovernmental	0	300,000	391,014	91,014
Miscellaneous	0	0	29,072	29,072
<b>Total Revenues</b>	<b>600,000</b>	<b>800,000</b>	<b>888,712</b>	<b>88,712</b>
<b>Expenditures</b>				
<b>Current</b>				
Conservation of Natural Resources	283,215	1,126,853	1,151,736	(24,883)
<b>Debt Service</b>				
Principal Retirement	221,000	196,000	196,000	0
Interest and Fiscal Charges	98,785	80,147	68,639	11,508
<b>Total Debt Service</b>	<b>319,785</b>	<b>276,147</b>	<b>264,639</b>	<b>11,508</b>
<b>Total Expenditures</b>	<b>603,000</b>	<b>1,403,000</b>	<b>1,416,375</b>	<b>(13,375)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(3,000)</b>	<b>(603,000)</b>	<b>(527,663)</b>	<b>75,337</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	3,000	3,000	3,075	75
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>0</b>	<b>(600,000)</b>	<b>(524,588)</b>	<b>75,412</b>
<b>Fund Balance - January 1</b>	<b>597,321</b>	<b>597,321</b>	<b>597,321</b>	<b>0</b>
<b>Fund Balance - December 31</b>	<b>\$ 597,321</b>	<b>\$ (2,679)</b>	<b>\$ 72,733</b>	<b>\$ 75,412</b>

The notes to the financial statements are an integral part of this statement.

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**BLUE EARTH COUNTY**  
**STATEMENT OF NET POSITION**  
**ENTERPRISE PROPRIETARY FUNDS**  
**DECEMBER 31, 2012**

**Exhibit 10**

	<u>Landfill</u>	<u>EDA</u>	<u>TOTALS</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Investments	\$ 3,856,541	\$ 676,731	\$ 4,533,272
Accounts Receivable	291,907	4,272	296,179
Prepaid Items	0	16,701	16,701
Restricted Cash and Investments:			
Cash Security Deposits	0	21,412	21,412
Cash Family Self Sufficiency Deposits	0	6,273	6,273
Cash Voucher Program	0	37,381	37,381
Cash Other	0	171,808	171,808
<b>Total Current Assets</b>	<b><u>4,148,448</u></b>	<b><u>934,578</u></b>	<b><u>5,083,026</u></b>
<b>Noncurrent Assets</b>			
Restricted Cash and Investments:			
Closure Escrowed Investments	2,289,760	0	2,289,760
Interest Receivable Closure Escrowed Investments	10,043	0	10,043
Capital Assets (Net of Depreciation)	1,798,463	4,538,533	6,336,996
<b>Total Noncurrent Assets</b>	<b><u>4,098,266</u></b>	<b><u>4,538,533</u></b>	<b><u>8,636,799</u></b>
<b>Total Assets</b>	<b><u>\$ 8,246,714</u></b>	<b><u>\$ 5,473,111</u></b>	<b><u>\$ 13,719,825</u></b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 27,861	\$ 10,297	\$ 38,158
Salaries Payable	0	1,586	1,586
Due to Other Governments	7,703	15,814	23,517
Unearned Revenue	0	1,660	1,660
Security Deposits Payable	0	21,412	21,412
Family Self Sufficiency Deposits Payable	0	6,273	6,273
Other Current Liabilities	0	171,808	171,808
<b>Total Current Liabilities</b>	<b><u>35,564</u></b>	<b><u>228,850</u></b>	<b><u>264,414</u></b>
<b>Noncurrent Liabilities</b>			
Accrued Closure Payable	2,636,814	0	2,636,814
Loans Payable (due in more than one year)	0	2,109,712	2,109,712
<b>Total Noncurrent Liabilities</b>	<b><u>2,636,814</u></b>	<b><u>2,109,712</u></b>	<b><u>4,746,526</u></b>
<b>Total Liabilities</b>	<b><u>\$ 2,672,378</u></b>	<b><u>\$ 2,338,562</u></b>	<b><u>\$ 5,010,940</u></b>
<b>Net Position</b>			
Net Investment in Capital Assets	1,798,463	2,428,821	4,227,284
Restricted for Voucher Program	0	37,381	37,381
Unrestricted	3,775,873	668,347	4,444,220
<b>Total Net Position</b>	<b><u>\$ 5,574,336</u></b>	<b><u>\$ 3,134,549</u></b>	<b><u>\$ 8,708,885</u></b>

The notes to the financial statements are an integral part of this statement.

**BLUE EARTH COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**ENTERPRISE PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Exhibit 11

	<u>LANDFILL</u>	<u>EDA</u>	<u>TOTALS</u>
<b>Operating Revenues</b>			
Charges for Services	\$ 2,365,411	\$ 181,751	\$ 2,547,162
Miscellaneous	8,562	0	8,562
Other Federal Revenue	0	504,401	504,401
<b>Total Operating Revenues</b>	<u><b>2,373,973</b></u>	<u><b>686,152</b></u>	<u><b>3,060,125</b></u>
<b>Operating Expenses</b>			
Contracted Services	737,826	0	737,826
Housing Assistance Payments	0	352,269	352,269
Administrative Services	238,746	42,993	281,739
Employee Salaries	0	134,745	134,745
Other Services and Charges	220,814	146,687	367,501
Utilities	15,888	76,936	92,824
Depreciation	628,661	245,641	874,302
Landfill Closure and Postclosure Expense	45,352	0	45,352
<b>Total Operating Expenses</b>	<u><b>1,887,287</b></u>	<u><b>999,271</b></u>	<u><b>2,886,558</b></u>
<b>Operating Income</b>	<u><b>486,686</b></u>	<u><b>(313,119)</b></u>	<u><b>173,567</b></u>
<b>Nonoperating Revenues (Expenses)</b>			
Miscellaneous	0	79,499	79,499
Intergovernmental	8,202	26,672	34,874
Investment Income	17,819	2,391	20,210
<b>Net Nonoperating Revenues (Expenses)</b>	<u><b>26,021</b></u>	<u><b>108,562</b></u>	<u><b>134,583</b></u>
<b>Income Before Capital Contributions and Transfers</b>	<b>512,707</b>	<b>(204,557)</b>	<b>308,150</b>
Capital Contributions	0	177,334	177,334
Transfers In	105,951	0	105,951
Transfers Out	(150,000)	0	(150,000)
<b>Change in Net Position</b>	<b>468,658</b>	<b>(27,223)</b>	<b>441,435</b>
<b>Net Position - January 1</b>	<u><b>5,105,678</b></u>	<u><b>3,161,772</b></u>	<u><b>8,267,450</b></u>
<b>Net Position - December 31</b>	<u><u><b>\$ 5,574,336</b></u></u>	<u><u><b>\$ 3,134,549</b></u></u>	<u><u><b>\$ 8,708,885</b></u></u>

The notes to the financial statements are an integral part of this statement.

**BLUE EARTH COUNTY  
STATEMENT OF CASH FLOWS  
ENTERPRISE PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Exhibit 12

	Landfill	EDA	TOTALS
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 2,401,626	\$ 182,565	\$ 2,584,191
Other Federal Revenue	0	501,080	501,080
Cash Paid to Suppliers	(1,197,170)	(608,625)	(1,805,795)
Cash Paid to Employees	0	(134,487)	(134,487)
Other Operating Income	8,562	22,864	31,426
<b>Net Cash Provided by Operating Activities</b>	<b>1,213,018</b>	<b>(36,603)</b>	<b>1,176,415</b>
<b>Cash Flows from (used in) Noncapital Financing Activities</b>			
Intergovernmental	8,202	26,672	34,874
Energy Rebate	0	56,219	56,219
Transfers In	105,951	0	105,951
Transfers Out	(150,000)	0	(150,000)
<b>Net Cash Provided by Noncapital Related Financing Activities</b>	<b>(35,847)</b>	<b>82,891</b>	<b>47,044</b>
<b>Cash Flows from (used in) Capital and Related Financing Activities</b>			
Other Federal Revenue	0	177,334	177,334
Purchase of Capital Assets	0	(177,332)	(177,332)
<b>Net Cash from (used in) Capital and Related Financing Activities</b>	<b>0</b>	<b>2</b>	<b>2</b>
<b>Cash Flows from (used in) Investing Activities</b>			
Investment Income	0	2,547	2,547
Deposits of Restricted Assets	(97,992)	0	(97,992)
<b>Net Cash from (used in) Investing Activities</b>	<b>(97,992)</b>	<b>2,547</b>	<b>(95,445)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,079,179</b>	<b>48,837</b>	<b>1,128,016</b>
<b>Cash and Cash Equivalents - January 1</b>	<b>2,777,362</b>	<b>864,768</b>	<b>3,642,130</b>
<b>Cash and Cash Equivalents - December 31</b>	<b>\$ 3,856,541</b>	<b>\$ 913,605</b>	<b>\$ 4,770,146</b>

The notes to the financial statements are an integral part of this statement.

**BLUE EARTH COUNTY  
STATEMENT OF CASH FLOWS  
ENTERPRISE PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Exhibit 12

	<u>Landfill</u>	<u>EDA</u>	<u>TOTALS</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating Income	\$ 486,686	\$ (313,119)	\$ 173,567
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Miscellaneous income	0	23,280	23,280
Depreciation	628,661	245,641	874,302
Landfill Closure and Postclosure Expense	45,352	0	45,352
(Increase) Decrease in Accounts Receivable	36,215	(865)	35,350
(Increase) Decrease in Prepaids	0	(75)	(75)
(Decrease) Increase in Accounts Payable	17,660	6,349	24,009
(Decrease) Increase in Salaries Payable	0	258	258
(Decrease) Increase in Tenant Security Deposits	0	2,062	2,062
(Decrease) Increase in Due to Other Governments	(1,556)	3,986	2,430
(Decrease) Increase in Unearned Revenue	0	(799)	(799)
(Decrease) Increase in Family Self Sufficiency Deposits	0	(3,321)	(3,321)
<b>Net Cash Provided by Operating Activities</b>	<b><u>\$ 1,213,018</u></b>	<b><u>\$ (36,603)</u></b>	<b><u>\$ 1,176,415</u></b>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>			
Cash and Investments	3,856,541	676,731	4,533,272
Cash - Tenant Security Deposits	0	21,412	21,412
Cash - Family Self Sufficiency Deposits	0	6,273	6,273
Cash - Voucher Program	0	37,381	37,381
Cash - Other	0	171,808	171,808
<b>Cash and Cash Equivalents at end of year</b>	<b><u>\$ 3,856,541</u></b>	<b><u>\$ 913,605</u></b>	<b><u>\$ 4,770,146</u></b>
<b>Noncash Investing, Capital, and Financing Activities</b>			
Change in Fair Value of Investments	\$ (24,860)	\$ 0	\$ (24,860)
Interest on Escrow Accounts	\$ 44,156	\$ 0	\$ 44,156

The notes to the financial statements are an integral part of this statement.

**BLUE EARTH COUNTY**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2012**

**Exhibit 13**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and Investments	\$ 1,452,146
Due from Other Governments	2,283
<b>Total Assets</b>	<u><u>\$ 1,454,429</u></u>
<b>Liabilities</b>	
Accounts Payable	\$ 59,906
Due to Other Governments	1,394,523
<b>Total Liabilities</b>	<u><u>\$ 1,454,429</u></u>

The notes to the financial statements are an integral part of this statement.

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**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Blue Earth County have been prepared in conformity with generally accepted accounting principles (GAAP). The following is a summary of the significant accounting policies.

**A. Reporting Entity**

Blue Earth County, Minnesota, (the County) was established in August 1853, and is an organized county having the powers, duties and privileges granted by Minnesota State Statutes. The County is governed by a five-member board of commissioners elected from districts within the County. The Board is organized with a chair and vice-chair elected at the annual meeting in January of each year. As required by generally accepted accounting principles, these financial statements present the County and its component unit, an entity for which the County is financially accountable. The blended component unit, although legally a separate entity, is in substance, part of the County's operations.

**Blended component unit.** The Blue Earth County Economic Development Authority (the EDA) is a component unit of Blue Earth County, Minnesota, and was created to carry out redevelopment of blighted areas and to establish safe and sanitary dwelling accommodations for low-income persons, the elderly, disabled, and handicapped persons. The EDA is governed by a five member Board of Commissioners and consists of the following Public Housing Projects: Public and Indian Housing (Low Rent) - Section 8 Housing Choice Voucher - and Public Housing Capital Fund Program.

The EDA is included in the Blue Earth County reporting entity as the EDA Enterprise Fund with a December 31 year-end. The EDA's governing body is substantively the same as the governing body of Blue Earth County, therefore Blue Earth County is able to impose its will on the EDA. The Enterprise Fund financial statements of the Economic Development Authority is available at the following address: Blue Earth County Economic Development Authority, 204 South Fifth Street, Mankato, MN 56001.

**B. Basic Financial Statements**

**Government-Wide Statements.** The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information on all of the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

In the government-wide statement of net position, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not included among program revenues are reported instead as general revenues. Direct expenses of interfund services provided and used are not eliminated from the various functional categories.

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basic Financial Statements (Continued)**

**Fund Financial Statements.** The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category--governmental, proprietary, and fiduciary--are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County reports the following major governmental funds:

General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Public Works Special Revenue Fund is used to account for and report the proceeds of specific revenue sources restricted from federal and state government, committed property tax revenues, as well as assigned fees for services and other miscellaneous revenue all used for the construction and maintenance of roads, bridges, and parks.

Human Services Special Revenue Fund is used to account for and report the proceeds of specific revenue sources restricted from federal, state, and other oversight agencies, committed property tax revenues, as well as assigned fees for services and other miscellaneous revenue all used for social services, income maintenance, community health, mental health and community corrections.

County Ditch Special Revenue Fund is used to account for and report the proceeds of specific revenue sources restricted from bond proceeds or state grants, as well as restricted special assessments revenue levied against benefitted property to finance the cost of constructing and maintaining an agricultural drainage ditch system.

Building and Capital Purchases Fund is a capital project fund used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlay.

The County reports the following major enterprise funds:

Ponderosa Landfill Fund is used to account for the operation, maintenance, and development of the County solid waste landfill.

EDA is a blended component unit of the County, and accounts for financial resources used for redevelopment of blighted areas and establishing safe and sanitary dwelling accommodations for low-income persons, the elderly, disabled, and handicapped persons.

Additionally, the County reports the following fiduciary fund type:

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. These funds account for assets held by the county as an agent or trustee for individuals, private organizations, other governments, or other funds in a trust capacity. These include Tax and Penalties and Agency-Other.

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus and Basis of Accounting**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Shared revenues are generally recognized in the period the appropriation goes into effect. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Blue Earth County considers all revenues to be available if they are collected within 60 days after the end of the current period. Property and other taxes, shared revenues, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities, and Net Position**

**1. Cash and Investments**

Blue Earth County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties Fund (MAGIC), which is created under a joint powers agreement pursuant to Minnesota Statute Section 471.59. The MAGIC Fund is not registered with the Securities Exchange Commission, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The investment in the pool is measured at the net position value per share provided by the pool. This pool is available for use by all funds of the County and each fund type's portion of this pool is displayed on the Statement of Net Position within "Cash and Investments." Pursuant to Minnesota Statute 385.07, investment earnings on cash and pooled investments are credited to the General Fund. Cash, deposits and investments are stated at fair value.

Cash and cash equivalents are identified only for the purpose of the statement of cash flows reporting by the proprietary funds. Pooled investments, which have the characteristics of demand deposits, are considered to be cash and cash equivalents on the statement of cash flows.

The EDA's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Restricted assets are considered to be cash and cash equivalents.

**2. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Position (Continued)**

**2. Receivables and Payables (Continued)**

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance in the general fund to indicate that it is not in spendable form, and advances in the Capital Projects Fund are assigned.

**3. Property Taxes**

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. The tax levy is divided into two billings: first half is due May 15<sup>th</sup> and second half is due either October 15<sup>th</sup> or November 15<sup>th</sup>. Property tax collections and remittances to other governmental units and County Governmental funds are accounted for in an Agency fund. The County is required by statute to distribute the collections to the various governmental units on a schedule prescribed in Minnesota Statutes Chapter 276. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material. Taxes, which remain unpaid by property owners at December 31, are considered delinquent.

**4. Inventories**

Inventory is valued at cost using the weighted average method. Inventory in the Public Works Special Revenue Fund consists of expendable supplies held for consumption. The cost is recorded as expenditure at the time when individual inventory items are purchased. Reported inventories are equally offset by a nonspendable fund balance to indicate that it is not in spendable form.

**5. Restricted Assets**

Certain funds of the County are classified as restricted assets on the statement of net position because the restriction is either imposed by law through constitutional provisions or enabling legislation or imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. Therefore, their use is limited by applicable laws and regulations.

**6. Capital Assets**

Capital assets include land and permanent easements, land improvements, buildings and building improvements, personal property, intangibles, and infrastructure assets. Infrastructures assets have been capitalized retroactively to 1980 upon adoption of GASB Statement No. 34. These are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or, if donated, at the fair value at the date of acquisition. In some instances, capital asset historical costs were not available; therefore, the costs of these assets at the dates of acquisitions have been estimated. Capital asset improvement costs are capitalized if the cost exceeds the capitalization thresholds, and either extends the useful life, increases the capacity, or improves the efficiency of an asset. Otherwise the costs will be recorded as a repair/maintenance expense.

Capital assets have initial useful lives extending beyond a single period and dollar amount for capitalization per asset category as follows: all land is capitalized regardless of cost; personal property and intangibles when the cost of individual items exceed \$5,000; exhaustible land improvements, buildings and building improvements when the cost exceed \$25,000, infrastructure assets when the cost of projects exceed \$100,000.

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Position (Continued)**

**6. Capital Assets (Continued)**

For the EDA major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation/Amortization on the capital assets of the primary government, as well as the component unit, is computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements (exhaustible)	3-20
Building and building improvements	10-125
Personal Property	5-30
Intangibles	5-20
Infrastructure	10-75

**7. Compensated Absences**

Under the County's personnel policies and union contracts, County employees earn vacation leave at a rate of between 10.5 and 24.5 days per year based on the length of service. There is no requirement that vacation leave is taken, but a maximum of hours ranging from 300 to 320 may be carried over at the end of the calendar year based on the employee's respective union affiliation. At termination, employees are paid for any accumulated vacation leave. Employees earn sick leave at a rate of 12 days per year. Accumulated sick leave at December 31, 2012, is \$4,348,766 of which \$40,725 is vested and payable upon termination. The liability for accumulated vacation and vested sick leave is reported in the governmental activities column of the government-wide statement of net position. The remainder unvested accumulated sick leave of \$4,308,041 has not been recorded as a liability in the financial statements because these amounts are not paid when employees separate from service.

**8. Deferred Revenue**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

**9. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Position (Continued)**

**10. Classification of Net Position**

Net position in the government-wide and proprietary fund financial statements are classified in the following categories:

Net investment in capital assets – the amount of net position representing capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – the amount of net position that does not meet the definition of restricted or net investment in capital assets.

**11. Classification of Fund Balances**

Fund balance is the difference between assets and liabilities in governmental funds. The classifications are based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non-spendable Fund Balance – the non-spendable fund balance includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Spendable Fund Balance – the spendable fund balance includes amounts that are available for appropriation based on the constraints that control how specific amounts can be spent. The following categories define the revenue source and the level of force of the constraint on spending.

Restricted – reflects constraints placed on the use of resources because of legal restrictions stipulated by outside parties (such as grantors, contributors, or creditors) outstanding at the end of the year. It also includes fund balance with legal restrictions placed on its use in accordance with state statutes.

Committed – reflects constraints that the County has imposed upon itself by a formal action (resolution) of the County Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit these amounts.

Assigned – reflects funds intended to be used by the County for specific purposes that do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Administrator and Finance Director who have been delegated that authority by Board resolution.

At the end of each fiscal year, it is the County’s policy to maintain a Spendable-Assigned portion of the fund balance for cash flow in a range equal to 35-50% of the subsequent year’s budgeted expenditures for Special Revenue Funds, except in the County Ditch Fund.

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Net Position (Continued)**

**11. Classification of Fund Balances (Continued)**

Unassigned – includes the residual portion of the General Fund and includes all spendable fund balance amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or committed.

At the end of each fiscal year, it is the County's policy to maintain a Spendable-Unassigned portion of the fund balance for cash flow in a range equal to 35-50% of the subsequent year's budgeted General Fund operating expenditures. In addition to cash flow needs this accommodates emergency contingency concerns.

It is the County's policy to use restricted amounts first, when both restricted and unrestricted amounts are available for incurred expenditures. Additionally, the County would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are incurred.

**12. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.”

The details of this \$21,794,138 difference are as follows:

Bonds payable	\$18,571,000
Less: Deferred charge for issuance costs (to be amortized over life of debt)	(304,044)
Plus: Issuance premium (to be amortized over life of debt)	259,299
Accrued interest payable	88,674
Loans payable	896,374
Compensated absences	1,895,197
Net OPEB Payable	387,638
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$21,794,138</u>

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary information**

The County Board adopts estimated revenue and expenditure budgets for all General and Special Revenue Funds. All budgets are adopted on a basis consistent with generally accepted accounting principles. Encumbered and unencumbered appropriations lapse at the close of the fiscal year to the extent that they have not been expended. The following year's budget is adjusted for encumbered amounts at year-end if they are expended. Expenditures may not legally exceed budgeted appropriations at the fund level.

The County Board or the County Administrator can amend budgets during the year. The County Administrator is authorized to transfer budgeted amounts within a fund. All other transfers and additional appropriations require County Board approval. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The Board made several supplemental budgetary appropriations throughout the year.

**B. County Ditch Special Revenue Fund**

For internal accounting purposes, individual ditch records are maintained on a full accrual basis. Seventeen of the drainage systems have deficit fund balances at December 31, 2012, totaling \$371,716. These deficits will be eliminated with future special assessment levies against benefited properties.

**C. Deficit Fund Balance**

The Public Works Fund has a deficit fund balance of \$4,995,127 at December 31, 2012, which will be eliminated by transfer of funds and grants in the Public Works Fund.

**D. Excess of Expenditures over Budget**

For the year ended December 31, 2012, expenditures exceeded budget in the General Fund by \$378,897 and in the County Ditch Fund by \$13,375. These expenditures were funded by fund balance.

**4. CASH, DEPOSITS AND INVESTMENTS**

Minnesota Statutes Chapter 118A.02 and 118A.04 authorize the County to designate a depository for public funds and to invest in certificates of deposit. Minnesota Statutes Chapter 118A.03 requires that all bank deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged shall be at least ten percent more than the amount on deposit at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better, revenue obligations rated "AA" or better; irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the County's deposits may not be returned. The County's policy states all deposits should be fully collateralized. As of December 31, 2012, the County's bank balance was \$35,865,201 and \$492,208 of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the financial institution's trust department or agent, but not in the County's name.

**BLUE EARTH COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**4. CASH, DEPOSITS AND INVESTMENTS (Continued)**

Interest Rate Risk. Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The County's investment policy is to invest in both shorter and longer-term investments to limit exposure to interest rate risk. Diversification strategies shall be determined and revised periodically by the investment officer.

At December 31, 2012, the County had the following investments:

Investment Type	Fair Value	Less Than 30 Day	30-90 Days	90 Days- 1 Years	1-5 Years	More Than 5 Years
U. S. Agencies	\$ 1,705,296	\$ -	\$ -	\$ -	\$ -	\$ 1,705,296
U. S. Treasuries	7,673,579	-	100,469	100,477	836,713	6,635,920
Quasi Agencies	33,313,130	-	7,990,160	8,301,991	14,813,559	2,207,420
Municipal Bonds	221,508	-	-	-	-	221,508
Mutual Funds	6,610,478	6,610,478	-	-	-	-
Negotiable CD's	2,981,400	-	-	248,285	2,733,115	-
Investment Pool	10,502,949	10,502,949	-	-	-	-
Total investments	<u>\$63,008,340</u>	<u>\$17,113,427</u>	<u>\$ 8,090,629</u>	<u>\$ 8,650,753</u>	<u>\$18,383,387</u>	<u>\$10,770,144</u>

Credit Risk. Generally, credit risk is the risk that an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirements set by state statute below.

Minnesota Statute Section 118A.04 and 118A.05 generally authorize the following types of investments as available to the County:

- (1) Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage backed securities defined as "high risk" by Minnesota Statute Section 118A.04, subdivision 6;
- (2) Mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) General obligations of the State of Minnesota and its municipalities; and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) Banker's acceptances of United States banks;
- (5) Commercial paper issued by United States corporations or their Canadian subsidiaries that is of the highest quality category by two nationally recognized rating agencies and matures in 270 days or less; and
- (6) With certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

The County's exposure to credit risk as of December 31, 2012, is as follows:

Moody's Rating	Fair Value
Aaa	\$33,865,104
Not rated	10,502,949
S & P's Rating	
AA+	6,280,012
Total	<u>\$50,648,065</u>

Custodial Credit Risk. The custodial credit risk for investment is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County's policy on custodial credit risk states the securities will be held by an independent third-party custodian selected by the County as evidenced by safekeeping receipts in Blue Earth County's name. As of December 31, 2012, the County's investments were not exposed to custodial credit risk.

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
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**4. CASH, DEPOSITS AND INVESTMENTS (Continued)**

Concentration of Credit Risk. The concentration of credit risk is the risk of loss that may be caused by the county's investment in a single issuer. It is the county's policy that U.S. Treasury securities, U.S. Agency Securities, and obligations backed by U.S. Treasury and/or U.S. Agency securities, may be held without limit. Investments in any one issuer that represent 5% or more of the County's investments are as follows:

Issuer	Reported Amount
FFCB	\$ 6,379,260
FHLMC	5,864,145
FNMA	16,976,705

Highly Sensitive Investments. The County's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already disclosed.)

Highly Sensitive Investments	Fair Value December 31, 2012
Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and make the fair values of these securities highly sensitive to changes in interest rates	
Government National Mortgage Association	\$ 1,705,296
Federal agency securities with step up and call provisions. These securities have step up provisions where the stated interest rate increases at certain dates. The securities have a call redemption option. The step up and call option can make these securities' fair value highly sensitive to changes in interest rates.	
Federal Home Loan Bank Notes	\$ 1,997,740
Federal National Mortgage Association	14,049,804
Federal Farm Credit Bank	2,005,480

Reconciliation of Blue Earth County's total cash and investments to the basic financial statement follows:

Government-wide statement of net position	
Governmental Activities	
Cash and Investments	\$90,365,167
Business-Type Activities	
Cash and Investments	4,533,272
Restricted Assets:	
Cash Security Deposits	21,412
Cash Family Self Sufficiency Deposits	6,273
Cash-Other	171,808
Cash Voucher Program	37,381
Closure Escrowed Investments	2,289,760
Statement of Fiduciary Assets & Liabilities	
Cash and Investments	1,452,146
Total Cash and Investments	<u>\$98,877,219</u>

**BLUE EARTH COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**5. RECEIVABLES**

Receivables as of December 31, 2012, year-end for the County's governmental activities and business-type activities are as follows:

Governmental Activities:	Total Receivables	Due within one year
Taxes Receivable-Delinquent	\$ 696,137	\$ 696,137
Special Assessments Receivable-Delinquent	2,215	2,215
Special Assessments Receivable-Deferred	3,163,488	776,045
Accounts Receivable	308,983	308,983
Accrued Interest Receivable	195,135	195,135
Notes Receivable	1,220,379	867,308
Due from Other Governments	8,414,612	8,414,612
Total governmental activities	<u>\$14,000,949</u>	<u>\$11,260,435</u>
Business-type activities	Total Receivables	Due within one year
Accounts Receivable	\$ 296,179	\$ 296,179
Interest Receivable Closure Escrowed Invest.	10,043	10,043
Total Business-type activities	<u>\$ 306,222</u>	<u>\$ 306,222</u>

There is currently no allowance for uncollectible receivables. The collection rate for taxes exceeds 99% and it has been determined that the other receivables will be collected.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Business-type funds report unearned revenue representing prepaid rents and annual contributions that have been received in advance by the EDA. These unearned revenues will be recognized by the EDA as expenditures have been incurred.

At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental and business-type funds were as follows:

Governmental Activities:	Deferred Unavailable	Deferred/Unearned
Taxes Receivable-Delinquent	\$ 462,911	\$ 58,779
Special Assessments Receivable-Delinquent	2,215	-
Special Assessments not yet due	3,163,488	-
Intergovernmental	3,646,135	73,801
Charges for services	275,282	3,374
Miscellaneous	12,514	-
Investment Income	120,675	-
Prepaid License fee	-	40,000
Subtotal for governmental activities	<u>7,683,220</u>	<u>175,954</u>
EDA prepaid rents, business-type activities	<u>-</u>	<u>1,660</u>
Total	<u>\$ 7,683,220</u>	<u>\$ 177,614</u>

**BLUE EARTH COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012 was as follows:

<b>Governmental activities:</b>	Beginning			Ending
Capital assets, not being depreciated:	Balance	Increases	Decreases	Balance
Land and Permanent Easements	\$ 37,060,541	\$ 418,657	\$ (387,034)	\$37,092,164
Construction in progress	3,574,205	13,814,347	(4,457,553)	12,930,999
Total capital assets, not being depreciated	40,634,746	14,233,004	(4,844,587)	50,023,163
Capital assets, being depreciated/amortized:				
Land Improvements	2,780,271	419,489	-	3,199,760
Buildings and Building Improvements	50,594,925	106,490	(3,656,145)	47,045,270
Personal Property	12,532,438	1,560,827	(941,178)	13,152,087
Intangibles	3,980,930	137,851	(73,752)	4,045,029
Infrastructure	183,089,341	4,193,572	-	187,282,913
Total capital assets being depreciated/amortized	252,977,905	6,418,229	(4,671,075)	254,725,059
Less accumulated depreciation/amortization:				
Land Improvements	(1,089,517)	(147,887)	-	(1,237,404)
Buildings and Building Improvements	(7,834,697)	(961,642)	1,211,408	(7,584,931)
Personal Property	(7,191,480)	(1,046,808)	753,821	(7,484,467)
Intangibles	(1,655,544)	(355,714)	40,795	(1,970,463)
Infrastructure	(36,079,672)	(3,744,781)	-	(39,824,453)
Total accumulated depreciation/amortization	(53,850,910)	(6,256,832)	2,006,024	(58,101,718)
Total capital assets, being depreciated/amortized, net	199,126,995	161,397	(2,665,051)	196,623,341
Governmental activities capital assets, net	\$239,761,741	\$ 14,394,401	\$(7,509,638)	\$246,646,504
<b>Business-type activities:</b>	Beginning			Ending
Capital assets, not being depreciated:	Balance	Increases	Decreases	Balance
Land	\$ 794,988	\$ -	\$ -	\$ 794,988
Construction in progress	122,160	66,566	(122,160)	66,566
Total capital assets, not being depreciated	917,148	66,566	(122,160)	861,554
Capital assets, being depreciated:				
Land Improvements	4,768,644	-	-	4,768,644
Buildings and Building Improvements	6,027,156	-	-	6,027,156
Leasehold Improvements	2,629,083	232,926	-	2,862,009
Personal Property	1,046,260	-	-	1,046,260
Total capital assets being depreciated	14,471,143	232,926	-	14,704,069
Less accumulated depreciation:				
Land Improvements	(3,220,902)	(524,880)	-	(3,745,782)
Buildings and Building Improvements	(2,803,831)	(116,103)	-	(2,919,934)
Leasehold Improvements	(1,766,829)	(139,803)	-	(1,906,632)
Personal Property	(562,763)	(93,516)	-	(656,279)
Total accumulated depreciation	(8,354,325)	(874,302)	-	(9,228,627)
Total capital assets, being depreciated, net	6,116,818	(641,376)	-	5,475,442
Business activities capital assets, net	\$ 7,033,966	\$ (574,810)	\$ (122,160)	\$ 6,336,996

**BLUE EARTH COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**6. CAPITAL ASSETS (Continued)**

Depreciation/amortization expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 1,594,971
Public safety	232,136
Highways and streets, including depreciation of general infrastructure assets	4,064,647
Health and Welfare	123,513
Environmental Services	56,688
Culture and Recreation	183,464
Conservation of Natural Resources	1,413
Total depreciation/amortization expense--governmental activities	<u>\$ 6,256,832</u>

Business-type activities:

Landfill	\$ 628,661
EDA	245,641
Total depreciation expense--business-type activities	<u>\$ 874,302</u>

**Contract Commitments**

Blue Earth County has active projects as of December 31, 2012. Projects include a ditch, highway projects and equipment, information technology and building projects. At year-end, commitments with contractors are as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Remaining Commitment</u>
Ditch Project	\$ 955,121	\$ 4,863
Highway Projects & Equip.	11,183,878	512,563
Technology Update Projects	442,896	323,721
Building Projects	243,000	243,000
Total	<u>\$ 12,824,895</u>	<u>\$ 1,084,147</u>

The ditch project is being financed by special assessments and a State grant. The highway equipment is financed with County taxes and intergovernmental revenue. The other projects are financed by general obligation capital improvement bonds repaid with tax levy.

**7. INTERFUND RECEIVABLES, PAYABLES, ADVANCES, TRANSFERS AND INTERNAL BALANCES**

Interfund balances within governmental funds are eliminated on the government-wide statements. Interfund receivables, payables, and advances reported on the fund financial statements at December 31, 2012 are:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Advances Receivables</u>	<u>Interfund Advances Payables</u>
Major Governmental Funds				
General Fund	\$ 20,997	\$ 10,021	\$ 933,129	\$ -
Public Works	9,877	107	-	4,500,000
Human Services	630	21,376	-	-
County Ditch	-	-	-	933,129
Building and Capital	-	-	4,500,000	-
Total Governmental Funds	<u>\$ 31,504</u>	<u>\$ 31,504</u>	<u>\$ 5,433,129</u>	<u>\$ 5,433,129</u>

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
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**7. INTERFUND RECEIVABLES, PAYABLES, ADVANCES, TRANSFERS AND INTERNAL BALANCES  
(Continued)**

In the Public Works Fund, interfund receivables were due to fuel allocation. The General Fund interfund receivables were postage allocation and attorney fees paid by Human Services for legal services. The Human Services Fund interfund receivables were for services. These interfund receivables and payables are expected to be repaid within one year of December 31, 2012.

The advances from the General Fund to the County Ditch Fund were to cover individual negative ditch balances. The advances from the Building and Capital Fund to the Public Works Fund were to cover infrastructure projects. These advances are not expected to be eliminated within one year of December 31, 2012.

Interfund transfers:	Transfer In:						
	Major Governmental Funds					Major Business Type-Fund	
Transfer out:	General Fund	Public Works	Human Services	County Ditch	Building & Capital	Landfill Enterprise	Total
General fund	\$ 23,608	\$444,742	\$ 19,623	\$ 3,075	\$478,385	\$ 105,951	\$1,075,384
Human Services	37,661	-	-	-	39,099	-	76,760
Building & Capital	-	-	-	-	10,000	-	10,000
Landfill Enterprise	150,000	-	-	-	-	-	150,000
Total transfers in	\$ 211,269	\$444,742	\$ 19,623	\$ 3,075	\$527,484	\$ 105,951	\$1,312,144

Interfund transfers allow the County to allocate financial resources to the funds that receive benefit from services provided by another fund. All of the County's interfund transfers fall under that category.

**8. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

State and Federal laws and regulations require the County to place a final cover on the Ponderosa Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,636,814 reported as landfill closure and postclosure care liability as of December 31, 2012, represents the cumulative amount reported to date based on the use of 87.3 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$383,331 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2012. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The County expects to close the landfill in the year 2017 based on the 2012 engineer's report. Existing capacity will be utilized for industrial waste as opposed to municipal waste and the volume of landfill capacity used on an annual basis will decrease significantly as a result.

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements, and, at December 31, 2012, investments of \$2,289,760 (Fair Value) are held for these purposes. These are reported as restricted assets on the balance sheet. The County expects that future inflation costs will be paid from interest earnings on these contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined these costs may need to be covered by charges to future landfill users or from future tax revenue.

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**9. LONG-TERM DEBT**

**A. Bonds**

**Governmental Activities**

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the County.

Bonds payable at December 31, 2012, are comprised of the following individual issues:

General Obligation Bonds

The following issues are to be repaid from tax levies from the General Fund:

\$4,000,000 Capital Improvement Bonds of 2010, which mature serially on August 1, in amounts of \$1,015,000 to \$1,030,000 through August 1, 2014, with 2% interest payments due February 1 and August 1.	<u>\$2,045,000</u>
Total General Obligation Bonds	\$2,045,000
Plus: Unamortized premium	46,981
Total General Obligation Bonds, net	<u><u>\$2,091,981</u></u>

Special Assessment Bonds

The following bonds are to be repaid from ditch special assessments levied on benefited property. The County's obligation is to make payment upon default of the property owners. Payments will be made from the County Ditch Special Revenue Fund.

\$1,000,000 Drainage Bonds of 2006A, which mature serially on December 1, in amounts \$50,000 to \$85,000 through December 1, 2020, with 3.6% to 3.85% interest payments due June 1 and December 1.	515,000
\$295,000 Drainage Bonds of 2009A, which mature serially on December 1, in amounts of \$27,000 to \$34,000 through December 1, 2019, with 2.50% to 4.00% interest payments due June 1 and December 1.	216,000
\$760,000 Drainage Bonds of 2011A, which mature serially on December 1, in amounts of \$45,000 to \$60,000 through December 1, 2026, with 1.25% to 2.75% interest payments due June 1 and December 1.	715,000
Total Special Assessment Bonds	<u><u>\$1,446,000</u></u>

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**9. LONG-TERM DEBT (Continued)**

**A. Bonds (Continued)**

**Governmental Activities (Continued)**

Conservation of Natural Resources on the Statement of Activities includes \$68,139 of direct interest with the remaining interest shown as "unallocated interest on long-term debt."

The following is the annual requirements to retire bonded debts outstanding at December 31, 2012.

Year Ended December 31	G.O. Bonds			G.O. Special Assessment Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2013	1,015,000	40,900	1,055,900	154,000	41,648	195,648
2014	1,030,000	20,600	1,050,600	154,000	37,435	191,435
2015	-	-	-	159,000	33,222	192,222
2016	-	-	-	131,000	28,355	159,355
2017	-	-	-	131,000	24,640	155,640
2018-2022	-	-	-	492,000	65,008	557,008
2023-2026	-	-	-	225,000	15,537	240,537
Total	<u>\$2,045,000</u>	<u>\$61,500</u>	<u>\$2,106,500</u>	<u>\$1,446,000</u>	<u>\$245,845</u>	<u>\$1,691,845</u>

Public Project Lease Revenue Bonds

The following issue is payable solely from lease payments to be made by the County pursuant to the lease purchase agreement entered into between the EDA and the County for the construction of the administrative portion of the County Justice Center:

\$16,440,000 Public Project Lease Revenue Bonds of 2007, which mature serially on December 1, in amounts of \$725,000 to \$1,355,000 through December, 2027, with 4.25% to 5.0% interest payments due June 1 and December 1.	<u>\$ 15,080,000</u>
Total Public Project Lease Revenue Bonds	\$ 15,080,000
Plus: Unamortized premium	212,318
Total Public Project Lease Revenue Bonds, net	<u>\$ 15,292,318</u>

The following is the annual requirements to retire bonded debts outstanding at December 31, 2012.

Year Ended December 31	Governmental Activities		
	Public Project Lease Revenue Bonds		
	Principal	Interest	Total
2013	725,000	702,070	1,427,070
2014	755,000	671,258	1,426,258
2015	785,000	639,170	1,424,170
2016	820,000	605,807	1,425,807
2017	860,000	564,808	1,424,808
2018-2022	4,955,000	2,171,860	7,126,860
2023-2027	6,180,000	938,075	7,118,075
Total	<u>\$15,080,000</u>	<u>\$6,293,048</u>	<u>\$21,373,048</u>

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
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**9. LONG-TERM DEBT (Continued)**

**B. Loans Payable**

**Governmental Activities**

The following loans except the Minnesota Department of Employment and Economic Development (DEED) will be repaid from special assessments levied on benefited property and payments are made from the General Fund. The DEED loan will be repaid from the Note Receivable from VINE and payments are made from the Building and Capital Purchases Fund.

\$65,016 Minnesota Pollution Control Agency Loan Agreement for funding a Clean Water Partnership Project on the Watonwan River Watershed. The loan payable was for \$144,510 plus accrued interest, of which \$65,016 has been received by the County. Payments are due semi-annually on June 15 and December 15, over ten years at 2%, beginning December 2004.	\$ 10,596
\$67,027 Minnesota Pollution Control Agency Loan Agreement for funding a Clean Water Partnership Project on the Lower Maple River Watershed. The loan payable was for \$200,000 plus accrued interest, of which \$67,027 has been received by the County. Payments are due semi-annually on June 15 and December 15, over ten years at 2%, beginning December 2006.	24,990
\$20,142 Minnesota Pollution Control Agency Loan Agreement for funding a Clean Water Partnership Project on the Blue Earth River Watershed (Lily & Center Creeks). The loan payable was for \$30,923 plus accrued interest, of which \$20,142 has been received by the County. Payments are due semi-annually on June 15 and December 15, over ten years at 2%, beginning December 2006.	7,510
\$6,500 Minnesota Pollution Control Agency Loan Agreement for funding a Clean Water Partnership Project on the Watonwan River. The loan payable was for \$10,000, of which \$6,500 has been received by the County. Payments are due semi-annually on June 15 and December 15, over ten years at 2%, beginning December 2007.	3,085
\$33,905 Minnesota Pollution Control Agency Loan Agreement for funding a Clear Water Partnership Project on the Blue Earth River Watershed (Lily & Center Creeks). The loan payable was for \$60,000 plus accrued interest, of which \$33,905 has been received by the County. Payments are due semi-annually on June 15 and December 15, over ten years at 2%, beginning December 2009.	22,798
\$101,472 Minnesota Pollution Control Agency Loan Agreement for funding a Clear Water Partnership Project on the Lower Maple River Watershed. The loan payable was for \$100,000 plus accrued interest, of which \$101,472 has been received by the County. Payments are due semi-annually on June 15 and December 15, over ten years at 2%, beginning June 2010.	73,121
\$143,523 Minnesota Pollution Control Agency Loan Agreement for implementation of conservation practices and effectiveness monitoring in the Middle Minnesota Watershed. The loan payable was for \$162,500 plus accrued interest, of which \$143,523 has been received by the County. Payments are due semi-annually on June 15 and December 15, over ten years at 2%, beginning June 2011.	117,056
\$358,724 Minnesota Pollution Control Agency Loan Agreement for funding a Clear Water Partnership Project on the Greater Blue Earth Watershed. The loan payable was for \$575,000 plus accrued interest, of which \$358,724 has been received by the County. Payments are due semi-annually on June 15 and December 15, over ten years at 2%, beginning June 2014.	358,724

**BLUE EARTH COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**9. LONG-TERM DEBT (Continued)**

**B. Loans Payable (Continued)**

**Governmental Activities (Continued)**

\$97,864 Minnesota Pollution Control Agency Loan Agreement for implementation of conservation practices and effectiveness monitoring in the Middle Minnesota Watershed. The loan payable was for \$420,000 plus accrued interest, of which \$97,864 has been received by the County. Payments are due semi-annually on June 15 and December 15, over ten years at 2%, beginning June 2014.	97,864
\$195,000 Minnesota Department of Employment and Economic Development Minnesota Cleanup Revolving Loan Agreement for abatement of the pollutant asbestos. The loan payable was for \$195,000. Payments are due semi-annually on February 15 and August 15, over eight years at 1%, beginning August 2012.	180,630
Total Loans Payable	<u>\$ 896,374</u>

The following is a summary of the annual requirements to retire loans payable at December 31, 2012.

Year Ended December 31	Governmental Activities		
	Loans Payable		
	Principal	Interest	Total
2013	70,793	6,705	77,498
2014	110,018	14,481	124,499
2015	108,313	12,583	120,896
2016	105,379	10,686	116,065
2017	101,975	8,899	110,874
2018-2022	350,041	20,797	370,838
2023	49,855	749	50,604
Total	<u>\$896,374</u>	<u>\$74,900</u>	<u>\$971,274</u>

**Business-Type Activities**

The following loans were issued by the EDA to finance the Breckenridge Townhomes project.

\$1,956,712 Minnesota Housing Finance Agency Loan Agreement for financing capital projects. The loan payable with no accrued interest is due September 23, 2025. This is a forgivable loan if the required tax credit thresholds are maintained.	\$1,956,712
\$153,000 Greater Minnesota Housing Fund Loan Agreement for financing capital projects. The loan payable with no accrued interest is due September 23, 2040.	153,000
Total Loans Payable	<u>\$2,109,712</u>

**BLUE EARTH COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. LONG-TERM DEBT (Continued)**

**C. CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of the annual requirements to retire loans payable at December 31, 2012.

Year Ended December 31	Business-Type Activities		
	Loans Payable		
	Principal	Interest	Total
2025	1,956,712	-	1,956,712
2040	153,000	-	153,000
Total	<u>\$2,109,712</u>	<u>\$ -</u>	<u>\$2,109,712</u>

Long-term liability activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds Payable:					
General obligation bonds	\$ 3,035,000	\$ -	\$ (990,000)	\$ 2,045,000	\$1,015,000
Plus unamortized premium	70,471	-	(23,490)	46,981	23,490
General obligation bonds net	3,105,471	-	(1,013,490)	2,091,981	1,038,490
Special assessment bonds net	1,642,000	-	(196,000)	1,446,000	154,000
Lease Revenue bonds	15,775,000	-	(695,000)	15,080,000	725,000
Plus unamortized premium	226,472	-	(14,154)	212,318	14,154
Lease Revenue bonds net	16,001,472	-	(709,154)	15,292,318	739,154
Total bonds payable	20,748,943	-	(1,918,644)	18,830,299	1,931,644
Loans Payable	603,264	350,153	(57,043)	896,374	70,793
Net OPEB Payable	376,764	447,555	(436,681)	387,638	-
Compensated absences	1,749,278	1,839,598	(1,693,679)	1,895,197	1,151,057
Total Governmental activity					
Long-term liabilities	<u>\$23,478,249</u>	<u>\$2,637,306</u>	<u>\$(4,106,047)</u>	<u>\$ 22,009,508</u>	<u>\$ 3,153,494</u>
Business-type activities:					
Estimated liability for landfill closure/post-closure	\$ 2,591,462	\$ 45,352	\$ -	\$ 2,636,814	\$ -
Loans Payable	2,109,712	-	-	2,109,712	-
Total Business-type activities	<u>\$ 4,701,174</u>	<u>\$ 45,352</u>	<u>\$ -</u>	<u>\$ 4,746,526</u>	<u>\$ -</u>

For the Governmental activities, OPEB payable is liquidated by the general fund, compensated absences are generally liquidated by the general fund, public works fund, and human services fund.

**BLUE EARTH COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. FUND BALANCE**

**A. CLASSIFICATIONS**

At December 31, 2012, a summary of the governmental fund balance classifications are as follows:

	<i>General Fund</i>	<i>Public Works</i>	<i>Human Services</i>	<i>County Ditch</i>	<i>Building and Capital Purchases</i>	<i>Total Governmental Funds</i>
Nonspendable:						
Inventory	\$ -	\$ 860,738	\$ -	\$ -	\$ -	\$ 860,738
Long-term Notes	199,703	-	-	-	-	199,703
Advances	933,129	-	-	-	-	933,129
Total Nonspendable	1,132,832	860,738	-	-	-	1,993,570
Restricted:						
Debt Service	4,039,188	-	-	-	3,654	4,042,842
Recycling Fee	9,409,539	-	-	-	-	9,409,539
Solid Waste	1,133,439	-	-	-	-	1,133,439
Small Cities Programs	787,704	-	-	-	-	787,704
Ditches	-	-	-	1,068,906	-	1,068,906
Notes	693,622	-	-	-	180,630	874,252
Homeland Security Grant	16,229	-	-	-	-	16,229
Law Library	90,546	-	-	-	-	90,546
Missing Heirs	2,285	-	-	-	-	2,285
E-911	-	-	-	-	369,617	369,617
Conceal & Carry	119,014	-	-	-	-	119,014
Sheriff Contingent	5,000	-	-	-	-	5,000
Library	170,741	-	-	-	-	170,741
Attorney Forfeitures	6,587	-	-	-	-	6,587
Professional Development	73,571	-	-	-	-	73,571
HAVA Technology	-	-	-	-	142,350	142,350
Recorder Equipment	-	-	-	-	94,291	94,291
Recorder Technology	-	-	-	-	137,786	137,786
Veterans Van	-	-	-	-	53,347	53,347
Total Restricted	16,547,465	-	-	1,068,906	981,675	18,598,046
Committed:						
Contractual Agreements	-	-	-	-	546,599	546,599
Health Insurance	2,569,737	-	-	-	-	2,569,737
Emergency Management	-	-	-	-	1,600,000	1,600,000
Payoff of Lease Bond	-	-	-	-	12,277,404	12,277,404
Capital Improvement Plan	-	-	-	-	27,812,775	27,812,775
Total Committed	2,569,737	-	-	-	42,236,778	44,806,515
Assigned:						
Subsequent Year Budget						
Deficit	466,468	-	-	-	247,250	713,718
Human Services	-	-	8,810,774	-	-	8,810,774
Capital Outlays	-	-	-	-	11,768,494	11,768,494
Total Assigned	466,468	-	8,810,774	-	12,015,744	21,292,986
Unassigned:	10,333,791	(5,855,865)	-	(996,173)	-	3,481,753
Total	\$ 31,050,293	\$(4,995,127)	\$8,810,774	\$ 72,733	\$55,234,197	\$90,172,870

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**11. PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS**

**A. PENSION PLANS**

Plan Description

All full-time and certain part-time employees of Blue Earth County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), the Public Employees Police and Fire Fund (PEPFF), and the Local Government Correctional Service Retirement Fund (the Public Employees Correctional Fund) (PECF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan and benefits vest after three years of credited service (five years for those first eligible for membership after June 30, 2010).

All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the PEPFF. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailer/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates, are covered by the PECF. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years. Members eligible for membership before July 1, 2010, are fully vested after three years of service.

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute. Defined retirement benefits are based on a member's average yearly salary for the five highest-paid consecutive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for GERF Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent of average salary for each year of service. For PECF members, the annuity accrual rate is 1.9 percent of average salary for each year of service.

For all GERF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for all PEPFF and PECF members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF members and PECF members, and either 65 or 66 (depending on date hired) for GERF members. A reduced retirement annuity is also available to eligible members seeking early retirement.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time they last terminated public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF, the PEPFF and the PECF. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088, or by calling 651-296-7460 or 1-800-652-9026.

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**11. PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**A. PENSION PLANS (Continued)**

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minnesota Statutes Chapter 353. These statutes are established and amended by the State Legislature. The County makes annual contributions to the pension plans equal to the amount required by state statutes. GERS Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary. PEPFF members are required to contribute 9.60 percent. PECF members are required to contribute 5.83 percent of their annual covered salary.

The County is required to contribute the following percentages of annual covered payroll in 2012: 11.78% in 2012 for the Basic Plan GERS members, 7.25% in 2012 for the Coordinated Plan GERS members, 14.40% in 2012 for the PEPFF members, and 8.75% in 2012 for the PECF members.

The County's contributions for the years ending December 31, 2012, 2011, and 2010, for the General Employees Retirement Fund were: \$1,222,614, \$1,202,492, and \$1,177,593, respectively. The County's contributions to the Public Employee Police and Fire Fund for the years ending December 31, 2012, 2011, and 2010, were: \$262,815, \$248,888, and \$240,090, respectively. The County's contributions to the PECF for the years ending December 31, 2012, 2011, and 2010, were: \$141,338, \$139,154, and \$134,870, respectively. The EDA's portion of contribution to the GERS for the year ended December 31, 2012, 2011, and 2010 were: \$7,864, \$7,882, and \$6,145 respectively. These contributions amounts are equal to the contractually required contributions for each year as set by state statute.

Defined Contribution Plan

Five of the County employees are covered by the Public Employees Defined Contribution Plan, a multi-employer, deferred compensation plan administered by PERA. The plan is established and administered in accordance with the Minnesota Statutes, Chapter 353D, which may be amended by the State Legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minnesota Statutes, § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.00 percent of salary, which is matched by the employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.00 percent of employer contributions and 0.25 percent of the assets in each member account annually.

Total contributions by dollar amount and percentage of covered payroll made by the County and employees during the year ended December 31, 2012 were \$7,427 and \$7,427, respectively. The percentage of covered payroll by the County and employee were 5.00 percent for both. Required contribution rates were 5.00 percent.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Defined Contribution Plan. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088, or by calling 651-296-7460 or 1-800-652-9026.

**BLUE EARTH COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**11. PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**B. OTHER POSTEMPLOYMENT BENEFITS**

Plan Description and Funding Policy

Elected officials, department heads, supervisors, and employees not subject to a collective bargaining agreement are entitled to paid County health insurance upon their retirement if they were hired and eligible before July 1, 1991, and if the individual has reached age 55 and been employed by Blue Earth County 15 years. One year of paid County health insurance will be provided for every 4 years of service to the County by elected officials and department heads. One year of paid County health insurance will be provided for every 7 years of service to the County by supervisors and employees not subject to a collective bargaining unit. The County had eight employees who were eligible for this benefit in 2012. The cost for this program totaled \$150,979 in 2012. A separate, audited GAAP-basis benefits plan report is not issued.

The County offered an early retirement incentive for County employees in 2009 and 2010. The early retirement was voluntary and included continued health insurance on an employee's existing plan at 100% for 36 months after the effective date of retirement or until eligible for other health insurance benefits and termination pay equal to one week for every four years of service with Blue Earth County. The County had 12 employees participate in 2009 and 9 employees participate in 2010. The cost of this program totaled \$142,256 in 2012 for health insurance benefits. The continued health insurance benefit is included in the calculation of the OPEB actuarial information since these employees were active in that program. A separate, audited GAAP-basis benefits plan report is not issued.

The County also provides health insurance benefits for eligible retired employees and their spouses under a single-employer self-insured plan. The County provides benefits for retirees as required by Minnesota Statute 471.61 subdivision 2b. Retirees are required to pay 100% of the total premium cost. Since the premium is determined on the entire active and retiree population, the retirees are receiving implicit rate subsidy. This post employment benefit is funded on a pay-as-you-go basis usually paying retiree benefits out of the general fund. As of January 1, 2012 there were approximately 12 retirees receiving health benefits from the County's health plan. The implicit rate subsidy amount was determined by an actuarial study to be \$143,446 for 2012. A separate, audited GAAP-basis benefits plan report is not issued.

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for 2012, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$ 453,872
Interest on net OPEB obligation	16,954
Adjustment to ARC	(23,271)
Annual OPEB Cost	447,555
Contributions during the year	(436,681)
Increase in net OPEB obligation	10,874
Net OPEB Payable-beginning of year	376,764
Net OPEB Payable-end of year	<u>\$ 387,638</u>

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**11. PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**B. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Annual OPEB Cost and Net OPEB Obligation(Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2010-2012 were as follows:

Fiscal Year End	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2010	\$356,578	\$261,047	73.2%	\$413,915
December 31, 2011	\$355,115	\$392,266	110.5%	\$376,764
December 31, 2012	\$447,555	\$436,681	97.6%	\$387,638

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$4,484,441, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL), of \$4,484,441. The covered payroll (annual payroll of active employees covered by the plan) was \$19,505,210, and the ratio of the UAAL to the covered payroll was 23%.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of investment expenses), which is based on the estimated long-term investment yield on the general assets of the County. The annual healthcare cost trend rate is 8% initially reduced by the decrements to an ultimate rate of 5.0% after six years. Both rates included a 2.5% inflation assumption. The actuarial value of the assets was set equal to the market value of assets. The unfunded actuarial accrued liability is being amortized as a level dollar on a closed basis. The remaining amortization period at December 31, 2012, was twenty-five years.

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**12. RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. The County has entered into a joint powers agreement with other Minnesota Counties to form the Minnesota Counties Intergovernmental Trust (MCIT). In 1983 and 1986, the County joined the MCIT Workers' Compensation and Property and Casualty Divisions, respectively. For all other risk, the County has purchased commercial insurance. There were no significant reductions in insurance from the prior year. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

As of January 1, 1989, the Workers' Compensation Division was self-sustaining based on the premiums charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. MCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$460,000 per claim for plan year 2012, and \$470,000 per claim for plan year 2013. Should MCIT Workers' Compensation Division liabilities exceed assets, MCIT may assess the County in a method and amount to be determined.

The Property and Casualty Division is self-sustaining and the County pays an annual premium to cover current and future losses. The MCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the MCIT Property and Casualty Division liabilities exceed assets for 2007 or years beyond, MCIT may assess the County in a method and amount to be determined by MCIT. Premiums are paid by the General Fund and are reimbursed from other funds for their share.

In July 1982, the County began to self-insure for employee health insurance coverage. The County has retained risk up to \$100,000 stop-loss per person per year (120 percent aggregate) for the health plan. At December 31, 2012, the amount of these liabilities was \$250,000 and is accounted for in the general fund.

This liability is the County's best estimate based on available information. Following are the changes in the claims liability for the past two years.

	2012	2011
Liability at January 1	\$ 230,000	\$ 180,000
Current year claims and changes in estimates	4,871,637	4,946,049
Payments and adjustments	(4,851,637)	(4,896,049)
Liability at December 31	<u>\$ 250,000</u>	<u>\$ 230,000</u>

**13. SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS**

Claims and Litigation

The County, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The County Attorney estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County.

Jointly Governed Organizations

The County, in conjunction with other local governments, appoints at least one member to the Boards of the following organizations.

Greater Blue Earth River Basin Alliance. Then County made payments of \$6,889 for membership dues in 2012 and \$6,889 in 2011 to the Board.

Mankato/North Mankato Area Planning Organization. The County Board approved this agreement on November 6, 2012, therefore no payments have been made in 2012.

**BLUE EARTH COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**13. SUMMARY OF SIGNIFICANT CONTINGENCIES AND OTHER ITEMS (Continued)**

Minnesota Counties Intergovernmental Trust. The County made payments of \$627,836 in 2012 and \$663,349 in 2011 and received dividends of \$447,768 in 2012 and \$456,454 in 2011.

Minnesota River Board. The County made payments of \$2,500 in 2012 and \$2,500 in 2011.

Region One-Southeast Minnesota Homeland Security Emergency Management. The County made no payments in 2012 or 2011.

Regional Radio Joint Powers Board. The County made payments of \$1,405 in 2012 and \$1,405 in 2011.

Rural Minnesota Energy Board. Then County made payments of \$2,000 for membership dues in 2012 and \$2,500 in 2011.

South East Minnesota Recyclers' Exchange. The County made payments of \$1,700 for membership dues in 2012 and \$1,700 in 2011 to the Board.

South Central Community Based Initiative. No payments were made in 2012 and 2011.

South Central Emergency Medical Services. The County made no payments in 2012 or 2011.

South Central Regional IMM Trak Joint Powers Board. The County made payments of \$11,148 in 2012 and \$10,816 in 2011.

South Central Workforce Council. The County made no payments in 2012 or 2011 to the Board.

Three Rivers Resource Conservation & Development. The County made payments of \$650 for membership dues in 2012 and \$650 in 2011.

**14. SUBSEQUENT EVENTS**

\$790,000 General Obligation Ditch Bonds

On January 22, 2013, the Board of Commissioners approved the awarding resolution for these bonds. Settlement of the bonds took place on February 7, 2013. Proceeds of the bonds are to be used for repairs to County Judicial Ditch 48. The bonds mature serially on December 1, 2013, thru December 1, 2022, in amounts of \$75,000 to \$85,000 with 0.35% to 1.65% interest payments.

**BLUE EARTH COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS-OTHER POSTEMPLOYMENT BENEFITS**

Beginning in 2008, Blue Earth County implemented Governmental Accounting Standards Board (GASB), Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Unfunded Actuarial Accrued Liability (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
1/1/2008	\$0	\$2,884,373	\$2,884,373	0.0%	\$16,678,006	17.3%
1/1/2010	\$0	\$3,631,643	\$3,631,643	0.0%	\$19,844,871	18.3%
1/1/2012	\$0	\$4,484,441	\$4,484,441	0.0%	\$19,505,210	23.0%

See Note 11, Other Postemployment Benefits, for more information.

**BLUE EARTH COUNTY**  
**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Balance January 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance December 31</b>
<b>TAXES AND PENALTIES</b>				
Assets				
Cash and Investments	\$ 871,015	\$ 90,829,262	\$ 90,343,872	\$ 1,356,405
Liabilities				
Unapportioned Taxes and Assessments	\$ 0	\$ 29,722,742	\$ 29,722,742	\$ 0
Due to Other Funds	0	2,434,865	2,434,865	0
Due to Other Governments	871,015	58,671,655	58,186,265	1,356,405
Total Liabilities	\$ 871,015	\$ 90,829,262	\$ 90,343,872	\$ 1,356,405
<b>AGENCY - OTHER</b>				
Assets				
Cash and Investments	\$ 30,706	\$ 18,492,900	\$ 18,427,865	\$ 95,741
Due from Other Governments	0	2,283	0	2,283
Total Assets	\$ 30,706	\$ 18,495,183	\$ 18,427,865	\$ 98,024
Liabilities				
Accounts Payable	\$ 9,820	\$ 326,312	\$ 276,226	\$ 59,906
Due to Other Governments	20,886	18,168,871	18,151,639	38,118
Total Liabilities	\$ 30,706	\$ 18,495,183	\$ 18,427,865	\$ 98,024
<b>TOTAL ALL AGENCY FUNDS</b>				
Assets				
Cash and Investments	\$ 901,721	\$ 109,322,162	\$ 108,771,737	\$ 1,452,146
Due from Other Governments	0	2,283	0	2,283
Total Assets	\$ 901,721	\$ 109,324,445	\$ 108,771,737	\$ 1,454,429
Liabilities				
Unapportioned Taxes and Assessments	\$ 0	\$ 29,722,742	\$ 29,722,742	\$ 0
Accounts Payable	9,820	326,312	276,226	59,906
Due to Other Funds	0	2,434,865	2,434,865	0
Due to Other Governments	891,901	76,840,526	76,337,904	1,394,523
Total Liabilities	\$ 901,721	\$ 109,324,445	\$ 108,771,737	\$ 1,454,429

**BLUE EARTH COUNTY**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULE BY SOURCE**  
**DECEMBER 31, 2012**

**Schedule 2**

<b>Governmental funds capital assets:</b>	<b>2012</b>	<b>2011</b>
	<hr/>	<hr/>
Land and Permanent Easements	\$ 37,092,164	\$ 37,060,541
Land Improvements	3,199,760	2,780,271
Building & Building Improvements	47,045,270	50,594,925
Personal Property	13,152,087	12,532,438
Intangibles	4,045,029	3,980,930
Infrastructures	187,282,913	183,089,341
Construction in Progress	12,930,999	3,574,205
	<hr/>	<hr/>
<b>Total governmental funds capital assets</b>	<b>\$ 304,748,222</b>	<b>\$ 293,612,651</b>
	<hr/> <hr/>	<hr/> <hr/>

**Investments in governmental funds capital assets by source:**

General Fund	\$ 94,186	\$ 94,186
Special Revenue Funds	242,135,889	227,751,954
Capital Projects Fund	62,518,147	65,766,511
	<hr/>	<hr/>
<b>Total governmental funds capital assets</b>	<b>\$ 304,748,222</b>	<b>\$ 293,612,651</b>
	<hr/> <hr/>	<hr/> <hr/>

**BLUE EARTH COUNTY**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION**  
**DECEMBER 31, 2012**

**Schedule 3**

	Land and Permanent Easements	Land Improvements	Bldg & Bldg Improvements	Personal Property	Intangibles	Infrastructures	Construction in Progress	Total
General Government	\$ 318,797	\$ 1,246,462	\$ 2,877,443	\$ 2,676,685	\$ 2,692,266	\$ 186,823	\$ 46,073	\$ 10,044,549
Public Safety	1,897,979	738,148	37,476,071	2,910,814	146,852	1,762,772	-	44,932,636
Highway and Streets	33,198,632	417,699	889,494	6,591,429	46,840	181,657,779	12,846,864	235,648,737
Health and Welfare	260,000	-	3,336,592	222,160	1,014,858	-	21,917	4,855,527
Economic Development	287,249	-	-	-	-	-	-	287,249
Culture and Recreation	1,016,386	797,451	2,058,422	412,359	7,699	3,675,539	4,122	7,971,978
Environmental Services	113,121	-	407,248	328,747	136,514	-	12,023	997,653
Conservation of Natural Resources	-	-	-	9,893	-	-	-	9,893
<b>Total Governmental Fund Capital Assets</b>	<b>\$ 37,092,164</b>	<b>\$ 3,199,760</b>	<b>\$ 47,045,270</b>	<b>\$ 13,152,087</b>	<b>\$ 4,045,029</b>	<b>\$ 187,282,913</b>	<b>\$ 12,930,999</b>	<b>\$ 304,748,222</b>

**BLUE EARTH COUNTY**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Schedule 4**

	Capital Assets Dec. 31, 2011	Transfers	Additions	Deletions	Capital Assets Dec. 31, 2012
General Government	\$ 13,993,696	\$ 2,353	\$ 989,679	\$ (4,941,179)	\$ 10,044,549
Public Safety	44,412,365	(17,346)	851,682	(314,065)	44,932,636
Highway and Streets	221,454,232	28,212	16,966,817	(2,800,524)	235,648,737
Health and Welfare	4,908,414	(13,219)	43,627	(83,295)	4,855,527
Economic Development	287,249	-	-	-	287,249
Culture and Recreation	7,636,226	-	1,712,351	(1,376,599)	7,971,978
Environmental Services	910,576	-	87,077	-	997,653
Conservation of Natural Resources	9,893	-	-	-	9,893
<b>GRAND TOTAL</b>	<b>\$ 293,612,651</b>	<b>\$ -</b>	<b>\$ 20,651,233</b>	<b>\$ (9,515,662)</b>	<b>\$ 304,748,222</b>

**BLUE EARTH COUNTY**  
**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
**YEAR ENDED DECEMBER 31, 2012**

**Schedule 5**

	General	Public Works	Human Services	Ditch	Building and Capital Purchases	Total Governmental Funds
<b>Shared Revenue- State</b>						
E-911	\$ -	\$ -	\$ -	\$ -	\$ 150,775	\$ 150,775
MV Homestead Credit	184,743	-	-	-	-	184,743
Highway Users Tax	-	4,267,704	-	-	-	4,267,704
County Program Aid	1,315,799	449,169	669,897	-	-	2,434,865
PERA Rate Reimbursement	76,706	-	-	-	-	76,706
Police Aid	152,104	-	-	-	-	152,104
Disparity Reduction Aid	64,252	-	-	-	-	64,252
Local Performance Aid	8,962	-	-	-	-	8,962
Total Shared Revenue	<u>1,802,566</u>	<u>4,716,873</u>	<u>669,897</u>	<u>-</u>	<u>150,775</u>	<u>7,340,111</u>
<b>Reimbursement for Services-State</b>						
Minnesota Department of Human Services	-	-	1,461,087	-	-	1,461,087
Total Reimbursement for Services-State	<u>-</u>	<u>-</u>	<u>1,461,087</u>	<u>-</u>	<u>-</u>	<u>1,461,087</u>
<b>Payments-Local</b>						
Cities Share of Construction	-	1,590,281	-	-	-	1,590,281
Total Payments-Local	<u>-</u>	<u>1,590,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,590,281</u>
<b>Grants:</b>						
<b>State</b>						
Minnesota Department, Agency or Board						
Human Services	-	-	7,627,079	-	-	7,627,079
Health	-	-	215,740	-	-	215,740
Corrections	-	-	1,066,340	-	-	1,066,340
Public Safety	1,178,609	238,699	-	1,573	1,462	1,420,343
Economic Security	-	-	38,727	-	-	38,727
Housing Finance Agency	-	-	230,290	-	-	230,290
Water and Soil Resources	146,422	-	-	283,380	-	429,802
Pollution Control	212,927	-	-	-	-	212,927
MN Colleges and Universities	-	-	500	-	-	500
Peace Officers	8,966	-	-	-	-	8,966
Natural Resources	65,968	-	-	-	15,310	81,278
Trial Courts	-	-	72,147	-	-	72,147
Agriculture	1,316	-	-	-	-	1,316
Transportation	-	184,518	-	100,815	-	285,333
Total State Grants	<u>1,614,208</u>	<u>423,217</u>	<u>9,250,823</u>	<u>385,768</u>	<u>16,772</u>	<u>11,690,788</u>
<b>Federal</b>						
U.S. Department of						
Agriculture	23,146	190,860	599,027	-	-	813,033
Commerce	247,891	-	-	-	-	247,891
Health & Human Services	89,344	-	3,659,965	-	10,082	3,759,391
Homeland Security	954,058	811,790	-	5,246	281,468	2,052,562
Housing & Urban Development	17,647	-	113,358	-	-	131,005
Justice	11,704	-	33,312	-	1,477	46,493
Transportation	123,843	7,667,772	-	-	-	7,791,615
Total Federal Grants	<u>1,467,633</u>	<u>8,670,422</u>	<u>4,405,662</u>	<u>5,246</u>	<u>293,027</u>	<u>14,841,990</u>
Total Grants	<u>3,081,841</u>	<u>9,093,639</u>	<u>13,656,485</u>	<u>391,014</u>	<u>309,799</u>	<u>26,532,778</u>
Total Intergovernmental Revenue	<u>\$ 4,884,407</u>	<u>\$ 15,400,793</u>	<u>\$ 15,787,469</u>	<u>\$ 391,014</u>	<u>\$ 460,574</u>	<u>\$ 36,924,257</u>

**BLUE EARTH COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Schedule 6

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
<b>U.S. Department of Agriculture</b>		
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 269,767
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	351,706
Passed Through Minnesota Department of Agriculture WIC Farmers' Market Nutrition Program (FMNP)	10.572	700
Direct Emergency Watershed Protection Program	10.923	190,860
<b>Total U.S. Department of Agriculture</b>		<b>\$ 813,033</b>
<b>U.S. Department of Commerce</b>		
Passed Through Minnesota Department of Public Safety Public Safety Interoperable Communications Grant Program	11.555	<b>\$ 247,891</b>
<b>U.S. Department of Housing and Urban Development</b>		
Passed Through Minnesota Department of Employment and Economic Development Community Development Block Grants	14.228	\$ 17,647
Direct Shelter Plus Care	14.238	113,358
<b>Total U.S. Department of Housing and Urban Development</b>		<b>\$ 131,005</b>
<b>U.S. Department of Justice</b>		
Passed Through Minnesota Trial Courts Drug Court Discretionary Grant Program	16.585	\$ 8,017
Justice Assistance Grant Program Cluster Edward Byrne Memorial Justice Assistance Grant Program	16.738	25,295
Direct State Criminal Alien Assistance Program	16.606	8,835
Bulletproof Vest Partnership Program	16.607	1,477
Passed Through City of Mankato Justice Assistance Grant Program Cluster Edward Byrne Memorial Justice Assistance Grant Program -- ARRA	16.803	2,869
<b>Total U.S. Department of Justice</b>		<b>\$ 46,493</b>
<b>U.S. Department of Transportation</b>		
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	\$ 6,469,548
Passed Through Minnesota Department of Public Safety Highway Safety Cluster State and Community Highway Safety	20.600	41,251
Occupant Protection Incentive Grants	20.602	5,673
Safety Belt Performance Grants	20.609	21,292
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	33,564
<b>Total U.S. Department of Transportation</b>		<b>\$ 6,571,328</b>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**BLUE EARTH COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Schedule 6**  
**(Continued)**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
<b>U.S. Environmental Protection Agency</b>		
Passed Through Minnesota Department of Employment and Economic Development Brownfields Assessment and Cleanup Cooperative Agreements	66.818	\$ <b>195,000</b>
<b>U.S. Department of Health and Human Services</b>		
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	\$ 39,042
Immunization Grants	93.268	28,186
Temporary Assistance for Needy Families Cluster		
Temporary Assistance for Needy Families	93.558	65,311
Maternal and Child Health Services Block Grant to the States	93.994	58,784
Passed Through Minnesota Department of Human Services		
Promoting Safe and Stable Families	93.556	21,144
Temporary Assistance for Needy Families Cluster		
Temporary Assistance for Needy Families	93.558	657,955
Emergency Contingency Fund For Temporary Assistance for Needy Families -- ARRA	93.714	32,494
Child Support Enforcement	93.563	761,611
Refugee and Entrant Assistance - State Administered Programs	93.566	702
Community-Based Child Abuse Prevention Grants	93.590	27,731
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	40,393
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2,848
Foster Care - Title IV-E	93.658	295,229
Social Services Block Grant	93.667	389,000
Chafee Foster Care Independence Program	93.674	3,943
Children's Health Insurance Program	93.767	118
Medical Assistance Program	93.778	1,313,362
Passed Through Minnesota Secretary of State		
Voting Access for Individuals with Disabilities - Grants to States	93.617	10,082
<b>Total U.S. Department of Health and Human Services</b>		<b>\$ 3,747,935</b>
<b>U.S. Department of Homeland Security</b>		
Passed Through Minnesota Department of Natural Resources		
Boating Safety Financial Assistance	97.012	\$ 41,536
Passed Through Minnesota Department of Public Safety		
Disaster Grant - Public Assistance	97.036	320,905
Hazard Mitigation Grant	97.039	73,163
Emergency Management Performance Grants	97.042	34,291
Homeland Security Grant Program	97.067	892,536
Buffer Zone Protection Program (BZPP)	97.078	194,000
<b>Total U.S. Department of Homeland Security</b>		<b>\$ 1,556,431</b>
<b>Total Federal Awards</b>		<b>\$ 13,309,116</b>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**BLUE EARTH COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Blue Earth County. The County's reporting entity is defined in Note 1 to the financial statements. The Economic Development Authority (EDA) blended component unit is not included on the County's Schedule of Expenditures of Federal Awards because it has its own single audit. The EDA expended \$694,601 in Federal Awards in 2012.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Blue Earth County under programs of the federal government for the year ended December 31, 2012. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Blue Earth County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Blue Earth County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

4. Clusters

Clusters of programs are groupings of closely related programs that share common compliance requirements. Total expenditures by cluster are:

Justice Assistance Grant Program Cluster	\$ 28,164
Highway Safety Cluster	68,216
Temporary Assistance for Needy Families Cluster	755,760

5. Reconciliation to Schedule of Intergovernmental Revenues

Federal grant revenue per Schedule of Intergovernmental Revenues	\$ 14,841,990
Grants received more than 60 days after year-end deferred in 2012	
Highway Planning and Construction	719,418
Disaster Grant – Public Assistance	488,848
Grants received as loan proceeds	
Brownfields Assessment and Cleanup Cooperative Agreements	195,000
Deferred in 2011, recognized as revenue in 2012	
Highway Planning and Construction	(1,917,642)
Occupant Protection Incentive Grants	(11,327)
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	(10,736)
Immunization Grants	(3,960)
Medical Assistance Program	(7,496)
Disaster Grants - Public Assistance	(984,979)
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 13,309,116</u>

**BLUE EARTH COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

6. Subrecipients

Of the expenditures presented in the schedule, Blue Earth County provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
11.555	Public Safety Interoperable Communications Grant Program	\$ 114,582
14.228	Community Development Block Grants	17,647
14.238	Shelter Plus Care	113,358
20.600	State and Community Highway Safety	29,659
20.602	Occupant Protection Incentive Grants	5,673
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	25,086
20.609	Safety Belt Performance Grants	8,343
97.067	Homeland Security Grant Program	218,500
		<hr/>
Total		\$ 532,848

7. American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.

## BLUE EARTH COUNTY

Schedule 7

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

## BUDGET AND ACTUAL

## BUILDING AND CAPITAL PURCHASES

FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$ 4,054,265	\$ 4,054,265	\$ 3,993,486	\$ (60,779)
Intergovernmental	150,775	386,352	460,574	74,222
Miscellaneous	23,400	23,400	66,444	43,044
Gifts and Contributions	0	0	2,332	2,332
<b>Total Revenues</b>	<b>4,228,440</b>	<b>4,464,017</b>	<b>4,522,836</b>	<b>58,819</b>
<b>Expenditures</b>				
<b>Debt Service</b>				
Principal Retirement	0	0	14,370	(14,370)
<b>Total Debt Service</b>	<b>0</b>	<b>0</b>	<b>14,370</b>	<b>(14,370)</b>
<b>Capital Outlay</b>	<b>4,673,100</b>	<b>3,234,844</b>	<b>2,868,868</b>	<b>365,976</b>
<b>Total Expenditures</b>	<b>4,673,100</b>	<b>3,234,844</b>	<b>2,883,238</b>	<b>351,606</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(444,660)</b>	<b>1,229,173</b>	<b>1,639,598</b>	<b>410,425</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	245,435	501,607	527,484	25,877
Transfers Out	0	(10,000)	(10,000)	0
Loans	0	195,000	195,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>245,435</b>	<b>686,607</b>	<b>712,484</b>	<b>25,877</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(199,225)</b>	<b>1,915,780</b>	<b>2,352,082</b>	<b>436,302</b>
<b>Fund Balance - January 1</b>	<b>52,882,115</b>	<b>52,882,115</b>	<b>52,882,115</b>	<b>0</b>
<b>Fund Balance - December 31</b>	<b>\$ 52,682,890</b>	<b>\$ 54,797,895</b>	<b>\$ 55,234,197</b>	<b>\$ 436,302</b>

**BLUE EARTH COUNTY  
NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)**

**TABLE 1  
(UNAUDITED)**

	Fiscal Year									
	2003	2004	2005	2006	2007 Restated	2008	2009	2010	2011	2012
Governmental activities										
Net investment in capital assets	\$ 122,734,838	\$ 130,230,133	\$ 139,071,759	\$ 152,389,073	\$ 173,418,064	\$ 193,826,169	\$ 207,678,084	\$ 208,528,183	\$ 222,531,295	\$ 230,705,224
Restricted	13,171,480	11,573,684	12,346,591	15,325,677	25,686,393	18,521,273	17,659,233	20,094,991	18,131,861	18,718,632
Unrestricted	63,911,230	67,882,430	68,722,512	72,726,464	59,731,413	62,308,077	57,869,681	66,903,181	71,740,830	73,284,600
Total governmental activities net position	<u>\$ 199,817,548</u>	<u>\$ 209,686,247</u>	<u>\$ 220,140,862</u>	<u>\$ 240,441,214</u>	<u>\$ 258,835,870</u>	<u>\$ 274,655,519</u>	<u>\$ 283,206,998</u>	<u>\$ 295,526,355</u>	<u>\$ 312,403,986</u>	<u>\$ 322,708,456</u>
Business-type activities										
Net investment in capital assets	\$ 3,152,077	\$ 3,429,899	\$ 3,799,311	\$ 4,151,347	\$ 3,745,107	\$ 4,465,012	\$ 4,271,135	\$ 5,746,190	\$ 4,924,254	\$ 4,227,284
Restricted	-	-	-	-	-	289,764	46,515	23,269	54,325	37,381
Unrestricted	1,593,013	1,466,666	1,372,955	1,356,326	2,050,490	1,322,378	2,026,909	2,458,810	3,288,871	4,444,220
Total business-type activities net position	<u>\$ 4,745,090</u>	<u>\$ 4,896,565</u>	<u>\$ 5,172,266</u>	<u>\$ 5,507,673</u>	<u>\$ 5,795,597</u>	<u>\$ 6,077,154</u>	<u>\$ 6,344,559</u>	<u>\$ 8,228,269</u>	<u>\$ 8,267,450</u>	<u>\$ 8,708,885</u>
Primary government										
Net investment in capital assets	\$ 125,886,915	\$ 133,660,032	\$ 142,871,070	\$ 156,540,420	\$ 177,163,171	\$ 198,291,181	\$ 211,949,219	\$ 214,274,373	\$ 227,455,549	\$ 234,932,508
Restricted	13,171,480	11,573,684	12,346,591	15,325,677	25,686,393	18,811,037	17,705,748	20,118,260	18,186,186	18,756,013
Unrestricted	65,504,243	69,349,096	70,095,467	74,082,790	61,781,903	63,630,455	59,896,590	69,361,991	75,029,701	77,728,820
Total primary government net position	<u>\$ 204,562,638</u>	<u>\$ 214,582,812</u>	<u>\$ 225,313,128</u>	<u>\$ 245,948,887</u>	<u>\$ 264,631,467</u>	<u>\$ 280,732,673</u>	<u>\$ 289,551,557</u>	<u>\$ 303,754,624</u>	<u>\$ 320,671,436</u>	<u>\$ 331,417,341</u>

**BLUE EARTH COUNTY  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)**

**TABLE 2  
(UNAUDITED)**

	Fiscal Year									
Expenses	2003	2004	2005	2006	2007 Restated	2008	2009	2010	2011	2012
Governmental activities:										
General government	\$ 8,003,742	\$ 8,233,521	\$ 8,380,969	\$ 9,448,120	\$ 9,283,891	\$ 11,149,710	\$ 11,819,680	\$ 11,742,009	\$ 12,538,401	\$ 14,187,963
Public safety	5,786,318	6,138,542	6,594,671	7,124,617	8,328,618	9,032,808	9,744,939	10,399,012	9,820,153	12,334,008
Health and welfare	14,568,449	14,934,243	15,578,775	17,948,199	19,688,949	24,288,012	23,930,513	23,943,348	23,576,171	23,748,019
Highways and streets	6,042,162	6,419,444	7,020,291	7,650,726	8,445,243	9,084,645	9,345,220	10,907,810	11,352,021	10,713,067
Culture and recreation	1,447,887	1,498,258	1,528,452	1,727,917	1,804,230	1,903,176	1,906,181	1,778,554	1,750,351	1,891,351
Environmental services	1,299,100	1,492,682	1,261,519	1,482,087	1,477,924	1,571,376	1,408,391	1,607,666	1,762,086	1,796,154
Conservation of natural resources	837,281	564,778	798,465	1,216,337	636,412	1,025,850	721,530	1,079,313	1,380,074	1,456,747
Economic development	216,114	126,984	119,874	226,147	191,886	256,885	190,967	409,535	656,913	272,814
Unallocated interest on long-term debt	169,642	122,337	106,401	89,530	563,963	821,824	833,535	839,919	834,852	793,809
Total governmental activities expenses	38,370,695	39,530,789	41,389,417	46,913,680	50,421,116	59,134,286	59,900,956	62,707,166	63,671,022	67,193,932
Business-type activities:										
Landfill	1,232,702	1,222,113	1,237,540	1,434,047	1,303,829	1,288,010	1,583,932	1,743,366	2,163,983	1,887,287
EDA	785,146	758,386	784,659	1,038,692	1,230,637	953,814	988,758	909,912	1,161,767	999,271
Total business-type activities expenses	2,017,848	1,980,499	2,022,199	2,472,739	2,534,466	2,241,824	2,572,690	2,653,278	3,325,750	2,886,558
Total primary government expenses	\$ 40,388,543	\$ 41,511,288	\$ 43,411,616	\$ 49,386,419	\$ 52,955,582	\$ 61,376,110	\$ 62,473,646	\$ 65,360,444	\$ 66,996,772	\$ 70,080,490
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,672,064	\$ 1,593,755	\$ 1,754,350	\$ 2,083,315	\$ 1,999,099	\$ 1,860,960	\$ 1,843,823	\$ 1,698,127	\$ 1,734,147	\$ 1,723,065
Health and welfare	1,732,484	1,623,907	1,972,585	2,794,764	2,847,629	4,294,297	4,298,248	5,433,942	5,570,753	5,654,266
Environmental services	906,789	935,743	983,478	1,011,880	1,051,975	1,097,882	1,124,758	1,121,390	1,127,075	1,101,703
Other activities	860,530	695,595	946,536	2,552,101	1,283,164	1,163,272	1,589,681	2,251,948	2,429,287	2,892,099
Operating grants and contributions	22,157,842	19,506,930	18,410,285	27,394,709	23,131,671	29,714,712	24,464,630	24,376,590	25,812,424	24,018,596
Capital grants and contributions	2,418,270	1,143,340	453,472	1,113,240	4,365,655	1,916,831	2,692,018	6,610,470	7,140,762	8,032,385
Total governmental activities program revenues	29,747,979	25,499,270	24,520,706	36,950,009	34,679,193	40,047,954	36,013,158	41,492,467	43,814,448	43,422,114
Business-type activities:										
Charges for services										
Landfill	1,334,885	1,334,686	1,494,542	2,005,649	1,496,119	1,588,144	1,778,166	2,111,419	2,161,681	2,365,411
EDA	183,804	176,926	165,539	167,030	244,241	175,195	161,413	171,237	183,534	181,751
Operating grants and contributions	417,543	420,489	451,327	412,017	726,949	530,701	519,477	545,155	758,967	504,401
Capital grants and contributions	140,391	121,257	88,434	57,266	203,292	85,641	281,181	1,164,318	16,194	177,334
Total business-type activities program revenues	2,076,623	2,053,358	2,199,842	2,641,962	2,670,601	2,379,681	2,740,237	3,992,129	3,120,376	3,228,897
Total primary government program revenues	\$ 31,824,602	\$ 27,552,628	\$ 26,720,548	\$ 39,591,971	\$ 37,349,794	\$ 42,427,635	\$ 38,753,395	\$ 45,484,596	\$ 46,934,824	\$ 46,651,011
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (8,622,716)	\$ (14,031,519)	\$ (16,868,711)	\$ (9,963,671)	\$ (15,741,923)	\$ (19,086,332)	\$ (23,887,798)	\$ (21,214,699)	\$ (19,856,574)	\$ (23,771,818)
Business-type activities	58,775	72,859	177,643	169,223	136,135	137,857	167,547	1,338,851	(205,374)	342,339
Total primary government net expense	\$ (8,563,941)	\$ (13,958,660)	\$ (16,691,068)	\$ (9,794,448)	\$ (15,605,788)	\$ (18,948,475)	\$ (23,720,251)	\$ (19,875,848)	\$ (20,061,948)	\$ (23,429,479)

**BLUE EARTH COUNTY  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)**

**TABLE 2  
(UNAUDITED)**

	Fiscal Year									
	2003	2004	2005	2006	2007 Restated	2008	2009	2010	2011	2012
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 16,405,413	\$ 16,838,504	\$ 18,721,009	\$ 19,863,402	\$ 21,576,769	\$ 24,168,857	\$ 26,226,080	\$ 25,976,339	\$ 27,020,802	\$ 28,295,201
Mortgage Registry and Deed Tax	83,369	75,062	86,722	68,046	62,099	53,919	53,830	47,562	47,697	58,090
Gifts and Contributions	274,303	125,139	85,776	151,964	131,519	150,284	177,254	139,465	119,850	235,141
Investment income	1,039,439	1,921,322	2,106,358	3,950,544	5,115,080	4,046,376	(815,783)	1,956,336	3,957,072	1,353,494
Unrestricted grants and contributions	3,516,532	3,498,844	4,660,690	4,585,078	4,543,639	4,063,084	4,500,983	3,673,393	3,761,114	2,769,528
Miscellaneous	1,593,794	1,468,110	1,691,645	1,690,273	2,707,432	2,423,325	2,287,578	2,164,886	1,899,698	1,320,785
Transfers	(52,075)	(26,763)	(28,874)	(45,284)	41	136	9,335	(423,925)	(72,028)	44,049
Total governmental activities	<u>22,860,775</u>	<u>23,900,218</u>	<u>27,323,326</u>	<u>30,264,023</u>	<u>34,136,579</u>	<u>34,905,981</u>	<u>32,439,277</u>	<u>33,534,056</u>	<u>36,734,205</u>	<u>34,076,288</u>
Business-type activities:										
Investment income	32,393	36,684	40,240	84,391	137,276	97,571	50,917	69,325	52,136	20,210
Gain on sale of capital assets	183,206	450	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	-	-	-	-	-	33,632	45,786	21,072	21,838	34,874
Miscellaneous	17,598	14,719	28,944	36,509	14,554	12,633	12,490	30,537	98,553	88,061
Transfers	52,075	26,763	28,874	45,284	(41)	(136)	(9,335)	423,925	72,028	(44,049)
Total business-type activities	<u>285,272</u>	<u>78,616</u>	<u>98,058</u>	<u>166,184</u>	<u>151,789</u>	<u>143,700</u>	<u>99,858</u>	<u>544,859</u>	<u>244,555</u>	<u>99,096</u>
Total primary government	<u>\$ 23,146,047</u>	<u>\$ 23,978,834</u>	<u>\$ 27,421,384</u>	<u>\$ 30,430,207</u>	<u>\$ 34,288,368</u>	<u>\$ 35,049,681</u>	<u>\$ 32,539,135</u>	<u>\$ 34,078,915</u>	<u>\$ 36,978,760</u>	<u>\$ 34,175,384</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 14,238,059	\$ 9,868,699	\$ 10,454,615	\$ 20,300,352	\$ 18,394,656	\$ 15,819,649	\$ 8,551,479	\$ 12,319,357	\$ 16,877,631	\$ 10,304,470
Business-type activities	344,047	151,475	275,701	335,407	287,924	281,557	267,405	1,883,710	39,181	441,435
Total Change in Net Position	<u>\$ 14,582,106</u>	<u>\$ 10,020,174</u>	<u>\$ 10,730,316</u>	<u>\$ 20,635,759</u>	<u>\$ 18,682,580</u>	<u>\$ 16,101,206</u>	<u>\$ 8,818,884</u>	<u>\$ 14,203,067</u>	<u>\$ 16,916,812</u>	<u>\$ 10,745,905</u>

**BLUE EARTH COUNTY**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

**TABLE 3**  
**(UNAUDITED)**

	Fiscal Year									
	2003	2004	2005	2006	2007 Restated	2008	2009	2010	2011 (1)	2012
General Fund										
Reserved	\$ 10,339,137	\$ 10,893,889	\$ 12,186,475	\$ 12,782,478	\$ 14,914,582	\$ 16,177,991	\$ 15,807,146	\$ 17,416,369	\$ -	\$ -
Unreserved	10,393,477	8,391,434	5,154,351	3,058,885	1,976,714	2,101,318	2,665,781	5,381,158	-	-
Nonspendable	-	-	-	-	-	-	-	-	1,502,749	1,132,832
Restricted	-	-	-	-	-	-	-	-	15,891,507	16,547,465
Committed	-	-	-	-	-	-	-	-	1,984,794	2,569,737
Assigned	-	-	-	-	-	-	-	-	91,600	466,468
Unassigned	-	-	-	-	-	-	-	-	10,039,506	10,333,791
Total general fund	<u>\$20,732,614</u>	<u>\$19,285,323</u>	<u>\$17,340,826</u>	<u>\$15,841,363</u>	<u>\$16,891,296</u>	<u>\$18,279,309</u>	<u>\$18,472,927</u>	<u>\$22,797,527</u>	<u>\$29,510,156</u>	<u>\$31,050,293</u>
All Other Governmental Funds										
Reserved	\$ 4,113,130	\$ 3,189,628	\$ 3,190,983	\$ 6,690,817	\$37,534,409	\$10,988,285	\$ 5,332,800	\$ 3,284,472	\$ -	\$ -
Unreserved	51,185,478	55,366,728	58,754,551	63,368,141	35,242,514	46,939,362	49,479,378	56,722,124	-	-
Nonspendable	-	-	-	-	-	-	-	-	698,953	860,738
Restricted	-	-	-	-	-	-	-	-	2,531,512	2,050,581
Committed	-	-	-	-	-	-	-	-	24,986,823	42,236,778
Assigned	-	-	-	-	-	-	-	-	34,922,885	20,826,518
Unassigned	-	-	-	-	-	-	-	-	(5,900,760)	(6,852,038)
Total all other governmental funds	<u>\$55,298,608</u>	<u>\$58,556,356</u>	<u>\$61,945,534</u>	<u>\$70,058,958</u>	<u>\$72,776,923</u>	<u>\$57,927,647</u>	<u>\$54,812,178</u>	<u>\$60,006,596</u>	<u>\$57,239,413</u>	<u>\$59,122,577</u>

(1) The County implemented GASB 54 in fiscal year 2011, resulting in significant reclassification of the components of fund balance. Years prior to 2011 have not been restated.

**BLUE EARTH COUNTY**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

**TABLE 4**  
**(UNAUDITED)**

	Fiscal Year									
	2003	2004	2005	2006	2007 Restated	2008	2009	2010	2011	2012
<b>Revenues</b>										
Property taxes	\$ 16,381,981	\$ 16,737,568	\$ 18,856,004	\$ 19,561,350	\$ 21,499,168	\$ 24,152,379	\$ 25,899,958	\$ 26,063,314	\$ 27,271,347	\$ 28,468,840
Mortgage Registry and Deed Tax	83,369	75,062	86,722	68,046	62,099	53,919	53,830	47,562	47,697	58,090
Special assessments	749,351	736,783	730,196	786,785	661,857	684,498	596,969	440,973	619,771	595,444
Licenses and permits	171,390	251,402	247,117	240,268	258,171	245,664	235,216	230,545	239,784	259,920
Intergovernmental	26,416,683	24,431,979	22,854,119	29,797,603	33,322,444	35,385,381	33,680,712	32,708,055	35,814,731	36,924,257
Charges for services	4,705,463	4,671,670	5,191,379	6,554,713	6,397,209	7,595,299	7,854,317	9,017,988	9,374,891	9,552,427
Fines and forfeitures	107,859	104,643	94,358	216,017	152,616	159,654	129,344	102,639	106,783	84,689
Investment income	1,039,439	1,921,322	2,106,358	3,950,544	4,905,610	4,067,918	(724,961)	1,888,368	4,001,805	1,353,160
Miscellaneous	2,120,087	1,981,679	2,176,432	1,853,367	3,376,217	2,884,068	3,182,430	3,094,860	2,389,278	1,850,794
Gifts and contributions	254,734	125,139	85,776	151,964	131,519	150,284	177,254	139,465	119,850	235,141
Total revenues	<u>52,030,356</u>	<u>51,037,247</u>	<u>52,428,461</u>	<u>63,180,657</u>	<u>70,766,910</u>	<u>75,379,064</u>	<u>71,085,069</u>	<u>73,733,769</u>	<u>79,985,937</u>	<u>79,382,762</u>
<b>Expenditures</b>										
General government	5,318,850	5,607,922	5,676,053	6,502,186	6,362,136	7,365,942	6,798,179	7,578,098	6,999,768	6,910,940
Public safety	5,606,053	5,879,942	6,328,240	6,858,066	7,971,013	8,693,182	9,430,784	10,154,400	9,570,872	11,744,925
Health and welfare	15,772,711	16,193,941	16,793,884	19,148,017	21,066,833	25,706,057	24,357,099	25,532,991	25,066,727	25,065,805
Highways and streets	12,076,212	13,593,466	13,189,142	15,611,979	24,471,866	16,460,496	16,802,606	14,475,177	23,534,448	21,096,017
Culture and recreation	1,453,656	1,611,614	1,571,290	1,723,871	1,799,204	1,858,776	1,898,472	1,737,136	1,751,469	1,602,155
Environmental services	1,421,007	1,577,896	1,342,268	1,555,021	1,566,030	1,654,217	1,497,992	1,711,705	1,795,504	1,858,936
Conservation of natural resources	744,488	480,238	730,046	1,125,834	564,192	956,247	652,918	1,013,323	1,304,446	1,377,626
Economic development	216,114	126,984	119,874	226,147	191,886	256,885	190,967	409,535	656,913	272,814
Debt service										
Principal	1,581,370	1,821,820	1,848,530	2,239,079	1,393,019	1,858,686	1,881,140	770,184	1,886,833	1,938,043
Interest and fiscal charges	272,760	211,751	166,968	169,627	246,929	1,195,190	915,925	909,871	975,297	869,422
Bond issuance costs	1,500	-	-	58,527	292,351	-	-	-	-	-
Capital Outlay	2,613,231	2,322,617	3,238,851	6,370,242	18,033,445	22,901,522	9,924,494	3,685,977	3,424,088	3,778,765
Total expenditures	<u>47,077,952</u>	<u>49,428,191</u>	<u>51,005,146</u>	<u>61,588,596</u>	<u>83,958,904</u>	<u>88,907,200</u>	<u>74,350,576</u>	<u>67,978,397</u>	<u>76,966,365</u>	<u>76,515,448</u>
Excess of revenues over (under) expenditures	4,952,404	1,609,056	1,423,315	1,592,061	(13,191,994)	(13,528,136)	(3,265,507)	5,755,372	3,019,572	2,867,314
<b>Other financing sources (uses)</b>										
Transfers in	3,952,857	3,765,017	4,076,980	4,686,293	3,590,469	3,054,380	2,932,478	2,275,877	2,362,494	1,206,193
Transfers out	(4,004,932)	(3,791,780)	(4,105,854)	(4,731,577)	(3,590,428)	(3,054,244)	(2,923,143)	(2,699,802)	(2,434,522)	(1,162,144)
Bonds issued	-	-	-	5,000,000	16,440,000	-	295,000	4,000,000	760,000	-
Loans	24,012	62,086	26,188	12,765	126,366	99,421	70,000	105,275	264,875	350,153
Discount on bonds	-	-	-	(9,225)	-	-	-	-	-	-
Premium on bonds	-	-	-	33,479	283,088	-	-	93,961	1,428	-
Total other financing sources (uses)	<u>(28,063)</u>	<u>35,323</u>	<u>(2,686)</u>	<u>4,991,735</u>	<u>16,849,495</u>	<u>99,557</u>	<u>374,335</u>	<u>3,775,311</u>	<u>954,275</u>	<u>394,202</u>
Net change in fund balance	<u>\$ 4,924,341</u>	<u>\$ 1,644,379</u>	<u>\$ 1,420,629</u>	<u>\$ 6,583,796</u>	<u>\$ 3,657,501</u>	<u>\$ (13,428,579)</u>	<u>\$ (2,891,172)</u>	<u>\$ 9,530,683</u>	<u>\$ 3,973,847</u>	<u>\$ 3,261,516</u>
Debt service as a percentage of noncapital expenditures	5.0%	5.3%	5.0%	5.4%	5.7%	5.3%	4.9%	2.9%	4.8%	4.7%

**BLUE EARTH COUNTY**  
**NET TAX CAPACITY AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

**TABLE 5**  
**(UNAUDITED)**

Payable Year	Net Tax Capacity				Total Net Tax Capacity	Total Direct Tax Rate	Estimated Actual Value	Ratio of Net Tax Capacity to Total Estimated Actual Value
	Residential Property	Agricultural Property	Commercial Property	Personal Property				
2013	\$27,186,272	\$18,654,467	\$18,932,766 (1)	\$1,462,384	\$66,235,889	43.994 %	\$6,581,229,100	1.0 %
2012	\$27,542,426	\$16,012,062	\$18,803,775 (1)	\$1,404,559	\$63,762,822	43.902 %	\$6,302,009,500	1.0 %
2011	\$30,527,236	\$15,038,076	\$19,120,052 (1)	\$1,394,698	\$66,080,062	42.386 %	\$6,183,183,900	1.1 %
2010	\$31,129,590	\$15,472,879	\$19,741,954 (1)	\$1,211,879	\$67,556,302	40.678 %	\$7,038,014,800	1.0 %
2009	\$30,341,980	\$14,116,913	\$19,121,745 (1)	\$1,256,161	\$64,836,799	41.762 %	\$6,264,551,800	1.0 %
2008	\$29,363,234	\$12,771,367	\$17,953,813 (1)	\$1,261,843	\$61,350,257	40.715 %	\$5,900,842,200	1.0 %
2007	\$28,088,564	\$11,862,978	\$14,783,183 (1)	\$1,282,647	\$56,017,372	40.506 %	\$5,631,488,600	1.0 %
2006	\$24,943,961	\$10,241,849	\$13,570,430 (1)	\$1,242,480	\$49,998,720	41.932 %	\$4,931,488,400	1.0 %
2005	\$20,908,774	\$9,271,622	\$13,061,279	\$1,212,232	\$44,453,907	44.145 %	\$4,492,031,990	1.0 %
2004	\$17,806,340	\$8,202,607	\$11,066,152	\$1,111,118	\$38,186,217	48.204 %	\$3,678,834,228	1.0 %

(1) Includes Jobz Net Tax Capacity  
Source: Blue Earth County Finance Department

**BLUE EARTH COUNTY**  
**TAX RATES AS A PERCENTAGE OF NET TAX CAPACITY**  
**LAST TEN FISCAL YEARS**

**TABLE 6**  
**(UNAUDITED)**

Collection Year:	<u>2004 (1)</u>	<u>2005 (1)</u>	<u>2006 (1)</u>	<u>2007 (1)</u>	<u>2008 (1)</u>	<u>2009 (1)</u>	<u>2010 (1)</u>	<u>2011 (1)</u>	<u>2012 (1)</u>	<u>2013</u>
City of Mankato										
Blue Earth County										
Operational	43.735 %	40.144 %	38.042 %	37.478 %	36.324 %	39.769 %	36.667 %	38.285 %	39.656 %	40.075 %
Debt	4.469 %	4.001 %	3.890 %	3.028 %	4.391 %	1.993 %	4.011 %	4.101 %	4.249 %	3.919 %
City of Mankato	39.295 %	37.482 %	36.274 %	36.190 %	36.561 %	37.997 %	38.053 %	39.787 %	43.994 %	44.842 %
I.S.D. #77	13.209 %	12.112 %	13.617 %	15.133 %	13.284 %	17.605 %	19.577 %	19.085 %	20.959 %	18.895 %
Region 9	<u>0.254 %</u>	<u>0.226 %</u>	<u>0.216 %</u>	<u>0.201 %</u>	<u>0.191 %</u>	<u>0.189 %</u>	<u>0.187 %</u>	<u>0.192 %</u>	<u>0.197 %</u>	<u>0.194 %</u>
Total	<u>100.962 %</u>	<u>93.965 %</u>	<u>92.039 %</u>	<u>92.030 %</u>	<u>90.751 %</u>	<u>97.553 %</u>	<u>98.495 %</u>	<u>101.450 %</u>	<u>109.055 %</u>	<u>107.925 %</u>
Additional Tax Rates:										
Cities of:										
Amboy	92.333 %	87.245 %	77.571 %	74.734 %	71.659 %	71.001 %	75.109 %	79.907 %	112.600 %	119.012 %
Eagle Lake	31.870 %	35.725 %	30.266 %	29.429 %	31.480 %	32.718 %	35.831 %	37.749 %	44.660 %	45.947 %
Good Thunder	112.270 %	99.196 %	93.038 %	91.367 %	88.660 %	92.108 %	95.872 %	99.455 %	129.680 %	134.495 %
Lake Crystal	79.767 %	70.017 %	62.858 %	59.141 %	57.336 %	60.005 %	65.716 %	72.428 %	82.555 %	93.292 %
Madison Lake	61.270 %	57.479 %	53.666 %	51.364 %	47.199 %	47.208 %	49.153 %	51.584 %	59.010 %	60.188 %
Mapleton	58.855 %	53.017 %	48.834 %	57.680 %	55.073 %	54.942 %	67.028 %	69.480 %	91.678 %	94.450 %
Pemberton	78.343 %	77.428 %	72.955 %	75.240 %	76.916 %	81.205 %	101.150 %	120.225 %	156.567 %	161.695 %
St. Clair	69.448 %	64.195 %	60.611 %	60.753 %	61.726 %	63.136 %	69.030 %	67.875 %	88.867 %	93.689 %
Skyline	24.307 %	23.867 %	26.469 %	20.181 %	20.011 %	19.549 %	20.298 %	20.828 %	23.904 %	26.176 %
Vernon Center	75.366 %	73.523 %	68.715 %	73.197 %	84.224 %	81.454 %	83.456 %	89.845 %	111.277 %	118.775 %
School Districts:										
I.S.D. #75	38.150 %	31.540 %	39.734 %	37.791 %	41.185 %	36.420 %	34.710 %	36.871 %	35.130 %	30.323 %
I.S.D. #2071	9.748 %	27.835 %	24.265 %	24.209 %	25.624 %	21.733 %	20.963 %	23.202 %	24.675 %	23.546 %
I.S.D. #2135	21.484 %	18.398 %	17.487 %	14.181 %	15.011 %	10.959 %	11.247 %	10.974 %	10.615 %	9.540 %

The Tax Capacity Rate is determined by dividing a taxing district's property tax levy amount by the taxing district's total tax capacity.  
The Tax Capacity Rate will be expressed as a percentage of tax capacity.

(1) Doesn't include levy for Regional Library which is applicable to selected areas only.  
Source: Blue Earth County Finance Department

**BLUE EARTH COUNTY  
PRINCIPAL PROPERTY TAXPAYERS  
DECEMBER 31, 2012**

**TABLE 7  
(UNAUDITED)**

Taxpayer	Type of Business	2012			2003		
		2012/2013 Net Tax Capacity (1)	Rank	Percentage of Total Net Tax Capacity	2003/2004 Net Tax Capacity (1)	Rank	Percentage of Total Net Tax Capacity
Northern States Power Co.	Utility	\$ 1,432,046	1	2.2%	\$ 951,458	1	2.5%
River Hills Mall Partners (previously River Hills Mall LTD)	Shopping Mall	998,826	2	1.5%	481,394	2	1.3%
Inland Real Estate Corp.	Real Estate	311,730	3	0.5%	-		-
Archer-Daniels Midland	Grain Milling	285,016	4	0.4%	199,430	4	0.5%
Midwest Wireless Holdings LLC	Telecommunications	280,152	5	0.4%	-		-
City of Mankato	Apartments	254,264	6	0.4%	-		-
Monks Road Associates LLC	Real Estate	245,850	7	0.4%	-		-
Alliance Pipeline	Gas Utility	241,962	8	0.4%	297,924	3	0.8%
Immanuel - St. Joseph's Hospital	Health Care	233,818	9	0.4%	169,244	5	0.4%
Harvest States Cooperative	Grain Milling	232,061	10	0.4%	158,305	6	0.4%
Target	Shopping Mall				157,626	7	0.4%
Atwood Land	Real Estate				144,016	8	0.4%
CenterPoint	Utility				143,153	9	0.4%
Menards	Retail				141,566	10	0.4%
Totals		<u>\$ 4,515,725</u>		<u>7.0%</u>	<u>\$ 2,844,116</u>		<u>7.5%</u>
Total County Net Tax Capacity (2)		\$ 66,235,889	(3)	100%	\$ 38,186,217		100%

(1) Source: Blue Earth County Taxpayer Services Department

(2) Source: Blue Earth County Finance Department

(3) Includes Jobz Net Tax Capacity

**BLUE EARTH COUNTY  
PROPERTY TAX LEVIES AND COLLECTION  
LAST TEN FISCAL YEARS**

**TABLE 8  
(UNAUDITED)**

Fiscal Year	Taxes Levied for the Fiscal Year (1)	Collection within the Fiscal Year of the Levy		Additions/ (Abatements)	Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
		Amount	Percent of Levy			Amount	Percent of Levy		
2012	\$28,051,541	\$27,693,948	98.73 %	(\$34,193)	\$0	\$27,693,948	98.73 %	\$323,400	1.15 %
2011	\$26,476,124	\$26,087,213	98.53 %	(\$92,560)	\$183,791	\$26,271,004	99.23 %	\$112,560	0.43 %
2010	\$26,051,207	\$25,355,238	97.33 %	(\$65,027)	\$558,390	\$25,913,628	99.47 %	\$72,552	0.28 %
2009	\$25,627,198	\$24,951,218	97.36 %	(\$47,086)	\$566,799	\$25,518,017	99.57 %	\$62,095	0.24 %
2008	\$23,636,262	\$23,084,738	97.67 %	(\$8,655)	\$516,697	\$23,601,435	99.85 %	\$26,172	0.11 %
2007	\$21,361,867	\$20,885,208	97.77 %	(\$7,066)	\$454,102	\$21,339,310	99.89 %	\$15,491	0.07 %
2006	\$19,593,318	\$19,192,813	97.96 %	(\$6,287)	\$384,018	\$19,576,831	99.92 %	\$10,200	0.05 %
2005	\$18,208,003	\$17,908,086	98.35 %	(\$2,464)	\$289,638	\$18,197,724	99.94 %	\$7,815	0.04 %
2004	\$16,856,676	\$16,502,646	97.90 %	(\$549)	\$348,081	\$16,850,727	99.96 %	\$5,400	0.03 %
2003	\$16,224,929	\$15,996,133	98.59 %	(\$978)	\$220,879	\$16,217,012	99.95 %	\$6,939	0.04 %

(1) Education Homestead Credit not included in levy.  
Source: Blue Earth County Finance Department

**BLUE EARTH COUNTY  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

**TABLE 9  
(UNAUDITED)**

Fiscal Year	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds and Notes	Special Assessment Bonds	Lease Revenue Bonds	Capital Leases	Loans	Notes	Loans			
2012	2,091,981	1,446,000	15,292,318	-	896,374	-	2,109,712	21,836,385	(2)	335
2011	3,105,471	1,642,000	16,001,472	-	603,264	-	2,109,712	23,461,919	1.0%	364
2010	4,093,961	1,097,000	16,680,626	-	380,222	-	114,444	22,366,253	1.1%	349
2009	464,948	1,335,000	16,694,780	-	348,889	-	-	18,843,617	1.0%	312
2008	1,989,898	1,367,000	16,708,934	-	315,372	-	-	20,381,204	1.0%	340
2007	3,464,848	1,724,000	16,723,088	-	252,637	-	-	22,164,573	1.2%	373
2006	4,695,679	1,852,390	-	-	147,290	-	-	6,695,359	0.4%	116
2005	2,289,400	1,449,000	-	-	150,604	152,300	-	4,041,304	0.2%	70
2004	3,816,600	1,748,000	-	-	143,040	343,353	-	6,050,993	0.4%	105
2003	5,308,800	2,052,000	-	3,154	95,620	521,526	-	7,981,100	0.5%	139

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) See Table 13 Demographic and Economic Statistics for personal income and population data.

(2) This information is not yet available.

**BLUE EARTH COUNTY  
RATIO OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

**TABLE 10  
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Net Tax Capacity (2)</u>	<u>Gross Bonded Debt (2) (3)</u>	<u>Less: Debt Service Funds (2)</u>	<u>Net Bonded Debt</u>	<u>Net Bonded Debt to Net Tax Capacity</u>		<u>Net Bonded Debt per Capita</u>
2012	65,091	\$63,762,822	\$17,384,299	\$4,039,188	\$13,345,111	20.93	%	\$205
2011	64,383	\$66,080,062	\$18,810,000	\$4,033,243	\$14,776,757	22.36	%	\$230
2010	64,013	\$67,556,302	\$20,440,000	\$4,288,887	\$16,151,113	23.91	%	\$252
2009	60,393	\$64,836,799	\$16,895,000	\$2,965,609	\$13,929,391	21.48	%	\$231
2008	59,949	\$61,350,257	\$18,410,000	\$4,003,996	\$14,406,004	23.48	%	\$240
2007	59,440	\$56,017,372	\$19,875,000	\$3,923,857	\$15,951,143	28.48	%	\$268
2006	57,832	\$49,967,670	\$4,670,000	\$2,338,105	\$2,331,895	4.67	%	\$40
2005	57,590	\$44,453,907	\$2,305,000	\$2,143,526	\$161,474	0.36	%	\$3
2004	57,513	\$38,186,217	\$3,840,000	\$1,999,105	\$1,840,895	4.82	%	\$32
2003	57,435	\$34,726,741	\$5,340,000	\$1,932,134	\$3,407,866	9.81	%	\$59

(1) Source: State Demographer's Office, US Census Bureau.

(2) Source: Blue Earth County Finance Department

(3) Amount does not include special assessment bonds.

**BLUE EARTH COUNTY**  
**COMPUTATION OF DIRECT, OVERLAPPING, AND UNDERLYING BONDED DEBT**  
**GENERAL OBLIGATION BONDS**  
**DECEMBER 31, 2012**

**TABLE 11**  
**(UNAUDITED)**

Governmental Unit	Payable 2013 Net Tax Capacity (2)	Tax Capacity Within County	G.O. Debt (1)		G.O. Debt Applicable to County
			Total	Net	
Direct:					
Blue Earth County	\$66,235,889	100.0 %	\$19,726,673	\$2,091,981	\$2,091,981
Overlapping:					
City of Mankato	\$31,976,398	99.8 %	102,294,875	4,690,000	4,680,620
School Districts:					
77 Mankato	\$41,549,915	77.8 %	51,385,000	40,625,000	31,606,250
75 St. Clair	\$3,468,406	99.9 %	6,835,000	6,835,000	6,828,165
2135 Maple River	\$8,328,937	84.1 %	4,765,000	4,765,000	4,007,365
Total Overlapping Debt			165,279,875	56,915,000	47,122,400
Underlying					
2071 Lake Crystal	\$9,211,196	100.0 %	20,058,572	20,058,572	20,058,572
City of Eagle Lake	\$1,243,901	100.0 %	4,070,000	235,000	235,000
City of Good Thunder	\$213,412	100.0 %	740,000	-	-
City of Lake Crystal	\$1,159,538	100.0 %	9,950,000	2,560,000	2,560,000
City of Madison Lake	\$772,561	100.0 %	2,288,841	135,000	135,000
City of Mapleton	\$700,686	100.0 %	5,825,000	-	-
City of Pemberton	\$100,368	100.0 %	1,182,717	765,625	765,625
City of St. Clair	\$318,607	100.0 %	3,137,763	-	-
City of Skyline	\$187,769	100.0 %	956,577	-	-
City of Vernon Center	\$176,135	100.0 %	87,103	-	-
Garden City Township	\$1,260,166	100.0 %	108,000	-	-
Jamestown Township	\$1,388,220	100.0 %	50,700	-	-
Rapidan Township	\$1,424,770	100.0 %	485,000	-	-
Total Underlying Debt			48,940,273	23,754,197	23,754,197
Total Direct, Overlapping and Underlying Debt			\$233,946,821	\$82,761,178	\$72,968,578

(1) Total G.O. debt includes all long term debt of the jurisdiction. Net G.O. debt is determined by deducting debt which is intended to be primarily financed by means other than a real estate tax levy.

(2) Includes Jobz Net Tax Capacity

Source: Blue Earth County Finance Department

**BLUE EARTH COUNTY  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

**TABLE 12  
(UNAUDITED)**

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 73,576,685	\$ 89,840,640	\$ 98,629,768	\$ 112,629,772	\$ 118,016,844	\$ 187,936,554	\$ 211,140,444	\$ 210,153,051	\$ 189,060,285	\$ 197,436,873
Total net debt applicable to limit	\$ 4,028,166	\$ 2,327,288	\$ 464,378	\$ 2,504,864	\$ 17,781,075	\$ 14,694,836	\$ 14,194,119	\$ 16,485,700	\$ 15,073,700	\$ 13,345,111
Legal debt margin	\$ 69,548,519	\$ 87,513,352	\$ 98,165,390	\$ 110,124,908	\$ 100,235,769	\$ 173,241,718	\$ 196,946,325	\$ 193,667,351	\$ 173,986,585	\$ 184,091,762
Total net debt applicable to the limit as a percentage of debt limit	5.47%	2.59%	0.47%	2.22%	15.07%	7.82%	6.72%	7.84%	7.97%	6.76%

**Legal Debt Margin Calculation for Fiscal Year 2012**

Market value:	\$6,581,229,100
Debt limit (3% of market value (1))	\$197,436,873
Debt applicable to limit:	
General obligation bonds and notes	17,384,299
Less: Amount set aside for repayment of general obligation debt	<u>(4,039,188)</u>
Total net debt applicable to limit	<u>13,345,111</u>
Legal debt margin	<u><u>\$184,091,762</u></u>

(1) This changed from 2% to 3% in 2008.  
Source: Blue Earth County Finance Department

**BLUE EARTH COUNTY  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

**TABLE 13  
(UNAUDITED)**

<u>Fiscal Year</u>	<u>Population (2)</u>	<u>Personal Income</u>	<u>Per Capita Income (3)</u>	<u>Median Age (2)</u>	<u>Unemployment Rate (4)</u>	<u>Gross Retail Sales (5)</u>	<u>Number of Retail Businesses (5)</u>	<u>School Enrollment I.S.D. #77 (6)</u>	<u>Labor Force (4)</u>
2012	65,091	(1)	(1)	29.8	4.8 %	(1)	(1)	7,524	39,234
2011	64,383	\$2,369,809,464	36,808	29.8	5.3 %	(1)	(1)	7,284	38,695
2010	64,013	\$2,002,838,744	31,288	29.8	6.2 %	\$1,100,420,016	580	7,549	38,215
2009	60,393	\$1,961,625,033	\$32,481	29.9	6.7 %	\$1,044,447,925	608	7,363	37,907
2008	59,949	\$2,098,754,541	\$35,009	29.9	4.4 %	\$1,056,663,183	599	7,315	37,565
2007	59,440	\$1,908,737,280	\$32,112	29.9	3.8 %	\$1,061,370,243	653	7,245	36,432
2006	57,832	\$1,840,792,560	\$31,830	29.9	3.3 %	\$1,082,662,173	636	7,163	36,050
2005	57,590	\$1,819,959,180	\$31,602	29.9	3.4 %	\$1,056,303,052	651	7,118	35,472
2004	57,513	\$1,716,302,946	\$29,842	29.9	3.9 %	\$979,805,138	656	7,010	35,046
2003	57,435	\$1,657,803,840	\$28,864	29.9	3.9 %	\$976,659,208	651	7,087	35,370

(1) This information is not yet available.

(2) Source: State Demographer's Office, US Census Bureau.

(3) Source: State Demographer's Office and Bureau of Economic Analysis.

(4) Source: Minnesota Department of Employment and Economic Development.

(5) Source: Minnesota Department of Revenue.

(6) Source: Minnesota Department of Education.

**BLUE EARTH COUNTY  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

**TABLE 14  
(UNAUDITED)**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2012</u>			<u>2003</u>		
		<u>Employee Count</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employee Count</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Immanuel-St Joseph's-Mayo Health System	General medical and surgical hospital	2,200	1	5.61%	1,540	1	4.35%
Minnesota State University at Mankato	University	1,700	2	4.33%	1,400	2	3.96%
ISD #77 (Mankato)	Education	1,400	3	3.57%	747	4	2.11%
Mankato Rehabilitation Center Inc	Vocational rehabilitation services	1,240	4	3.16%	1,325	3	3.75%
Hy-Vee Foods Stores	Retail Grocer	710	5	1.81%	-		-
Mankato Clinic	Offices of Physicians	682	6	1.74%	740	5	2.09%
The Thro Company	Nursing care facilities	656	7	1.67%	644	6	1.82%
Verizon Wireless	Wireless telecommunications carrier	540	8	1.38%	-		-
Wal-Mart	Retail General	470	9	1.20%	-		-
Blue Earth County	Government	401	10	1.02%	370	7	1.05%
Hickory Tech Corporation	Communication Services	-		-	363	8	1.03%
Midwest Wireless	Wireless telecommunications carrier	-		-	293	9	0.83%
Southern Minn. Construction Co	Construction Company	-		-	275	10	0.78%
Totals		<u>9,999</u>		<u>25.49%</u>	<u>7,697</u>		<u>21.77%</u>

Source: Blue Earth County Finance Department

**BLUE EARTH COUNTY  
FULL TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

**TABLE 15  
(UNAUDITED)**

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	87.21	87.98	89.92	91.18	91.18	92.68	93.13	85.88	84.88	84.00
Public safety										
Sheriff licensed	23.90	23.90	23.90	21.90	26.90	26.90	26.50	26.50	26.50	26.50
Sheriff non-licensed	32.00	36.00	36.00	45.00	50.00	55.00	64.52	56.52	56.52	60.20
Corrections	24.75	23.25	25.25	24.75	25.31	26.50	26.50	24.50	24.50	24.75
Health and welfare	110.83	105.10	105.12	116.53	117.87	123.29	119.49	124.90	122.90	120.00
Highways and streets	46.46	46.46	46.46	46.50	46.50	46.50	46.50	43.50	42.50	43.50
Culture and recreation										
Library	18.20	18.20	18.20	18.20	18.20	18.20	17.22	16.72	16.72	14.35
Parks	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40	5.40
Environmental services	16.60	16.60	16.60	16.60	17.60	17.60	17.60	16.60	16.60	15.50
Conservation of natural resources	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	367.35	363.89	367.85	387.06	399.96	413.07	417.86	401.52	397.52	395.20

Note: Human Service employees transferred from Agency Fund to HS Fund in 2010 - per State Auditor  
Early Retirees/vacant positions deducted from original 2010 and 2011 budgeted figures

Source: Blue Earth County Finance Department

**BLUE EARTH COUNTY  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

**TABLE 16  
(UNAUDITED)**

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Physical property assessments	1,774	5,000	5,000	6,000	7,100	7,000	8,850	10,061	5,461	6,999
Documents recorded/processed	21,158	16,723	15,700	12,684	13,423	12,791	12,820	11,388	10,650	12,615
Veterans transported for medical care	723	654	670	649	680	795	630	661	570	564
Felony complaints issued	349	419	440	497	745	808	499	512	541	470
Public safety										
Jail bed days	25,524	21,563	16,778	19,204	26,100	29,494	27,367	33,242	28,730	17,833
Traffic stops	5,567	4,543	3,730	3,768	3,768	3,745	2,769	2,665	2,726	2,388
Arrests	2,096	2,106	2,330	2,427	1,812	1,927	2,470	2,153	1,966	2,056
Offenders on probation	1,249	1,154	1,154	1,393	1,500	1,716	1,980	1,766	1,658	1,584
Drug court open cases succeeding on probation (1)	-	-	20	35	44	41	44	79	61	51
Health and welfare										
Child protection investigations	163	172	172	173	175	203	220	200	200	176
Out-of-home placements	155	170	170	177	160	193	173	170	90	84
Dollars of child support collected (millions)	\$ 5.47	\$ 5.60	\$ 5.85	\$ 5.81	\$ 6.10	\$ 6.70	\$ 6.60	\$ 6.50	\$ 4.00	\$ 6.76
People who received cash and/or medical assistance	3,391	3,477	3,477	3,664	3,930	4,107	4,605	4,789	5,095	5,227
Highways and streets										
Miles of road reconstructed, paved and/or sealcoated	57.41	60.00	60.00	58.00	54.00	45.00	60.00	45.00	35.00	51.50
Number of bridges rebuilt	3	4	3	3	3	5	3	2	3	1
Culture and recreation										
Camping nights in county parks	6,677	7,071	7,737	7,352	6,700	7,246	7,000	6,962	7,140	7,869
Youth completing summer reading program	2,718	3,154	3,567	3,335	2,588	2,871	2,316	3,300	3,048	3,200
Environmental services										
Tons of materials recycled	73,975	76,765	75,000	68,000	76,000	75,268	67,000	68,000	69,800	70,200
Percent of materials recycled	71.2%	70.1%	74.7%	74.0%	73.9%	74.6%	69.2%	67.3%	71.4%	(2)
Tons of hazardous waste collected	23	23	28	110	105	115	45,000	53,000	44,000	46,000
Feedlot inspections	191	174	125	150	130	125	119	110	118	108
Building permits	216	218	210	180	175	180	122	130	142	162
Conservation of natural resources										
Ditch inspections	59	52	64	51	61	56	35	52	58	65
Youth enrollment in extension programs	1,800	2,556	3,956	4,112	4,227	4,215	4,228	4,350	4,550	4,823

(1) Drug Court started operations December, 2004

(2) This information is not yet available.

Source: Various County Departments

**BLUE EARTH COUNTY  
CAPITAL ASSETS STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

**TABLE 17  
(UNAUDITED)**

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Buildings	3	3	3	3	3	3	4	4	4	4
Vehicles	3	3	3	3	3	3	3	4	4	3
Public safety										
Buildings	2	2	2	2	2	3	3	3	1	1
Patrol units	25	25	25	26	26	26	26	26	25	26
Vehicles	7	7	7	8	7	9	9	9	5	5
Health and welfare										
Buildings	2	2	2	2	2	2	2	2	2	1
Vehicles	1	1	2	2	2	2	2	2	2	2
Highways and streets										
Buildings	10	10	10	11	11	12	12	12	12	12
Miles	733	733	733	733	733	733	733	733	733	733
Miles of bike path	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6	23.6
Bridges	193	193	193	193	193	193	193	193	193	193
Heavy equipment	40	40	40	40	40	40	40	40	38	38
Culture and recreation										
Acres of wetland and conservation lands	743	743	926	926	926	926	926	926	926	926
County parks	15	15	15	15	15	15	15	15	15	15
Playground structures at parks	6	6	6	7	7	7	7	7	7	7
Parks buildings	18	19	17	18	18	18	18	18	18	18
Library buildings	1	1	1	1	1	1	1	1	1	1
Environmental services										
Buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	5	6	6	6	6	6	6	6	6	6
Hazardous waste centers	1	1	1	1	1	1	1	1	1	1
Conservation of natural resources (1)										

(1) No capital asset indicators are available for the conservation of natural resources function.  
Source: Various County Departments